



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2014

lancaster

it's positively clear





CITY OF LANCASTER, CALIFORNIA
44933 Fern Avenue
Lancaster, California 93534

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2014

Prepared by the City of Lancaster, Finance Department
Barbara Boswell, Finance Director
Pam Statsmann, Assistant Finance Director
Tammie Holladay, Accountant II

For additional information, please contact the Finance Department at
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INTRODUCTORY SECTION

December 31, 2014

Honorable Mayor and Members of the City Council:

We are pleased to submit for your consideration the Comprehensive Annual Financial Report (CAFR) of the City of Lancaster, California, for the fiscal year ended June 30, 2014. This report was prepared by the Finance department of the City; responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with City staff. To provide a reasonable basis for making these representations, management of the City of Lancaster has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Lancaster's financial statements in conformity with Generally Accepted Accounting Principles (GAAP).

Because the cost of internal controls should not outweigh their benefits, Lancaster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that to the best of our knowledge and belief this financial report is complete and reliable in all material respects. This report includes the annual audit report of the City's independent auditors White Nelson Diehl Evans LLC. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The data is designed to factually report the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style. All disclosures necessary for the reader to gain an understanding of the City's financial affairs have been included. Financial statements are prepared in accordance with GAAP, as promulgated by the Government Accounting Standards Board.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the basic financial statements, including the management's discussion and analysis, the combined and individual fund statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

This CAFR includes all of the funds of the City, including the separate entities under the direction of the City Council. The separate entities include the Lancaster Successor Agency, the Lancaster Housing Authority, the Lancaster Power Authority, the Lancaster Community Services Foundation, Community Facilities District 89-1, Community Facilities District 90-1, Community Facilities District 91-1, Community Facilities District 91-2, Assessment District 92-101 and Assessment District 93-3.

The City provides a broad range of services associated with a municipality. These services include highway, street, drainage, sewer, and infrastructure construction and maintenance; planning and zoning; and parks, recreation, and cultural activities. Law enforcement, fire protection, and animal control services are provided under contract with Los Angeles County, whereas water, sanitation, school, and library are funded by special districts not under City control.

City of Lancaster Profile

Lancaster is situated on the north side of Los Angeles County in the Antelope Valley about seventy miles from downtown Los Angeles and separated from the Los Angeles Basin by the Angeles National Forest. The City is bordered by several unincorporated Los Angeles County communities and the city of Palmdale. Lancaster is served by state route 14 and by two major grade-separated east-west thoroughfares: Avenue H and Avenue L. With 94 square miles with residential communities, recreation and art venues, hi-tech industry, and retail businesses Lancaster is an exciting atmosphere for living and a place of limitless opportunity for business.

The City was incorporated on November 22, 1977, and on April 13, 2010, voters approved Measure C which granted the City its Charter City status. The mayor and city council are elected at large. Lancaster has grown significantly in size and diversity over the last 37 years. According to the 2010 Census, Lancaster's population is 156,633, an increase of nearly thirty-two percent over the 2000 Census total. The California Department of Finance estimates the City's 2014 population to be 159,878.

With business-friendly policies, the City today attracts national and local companies in many businesses and industries as well as families pursuing the American Dream of homeownership in a close-knit community. Throughout its recent growth, Lancaster has retained a family-focused, hometown spirit. Thousands of visitors come to Lancaster in the spring to enjoy our beautiful poppy and wildflower fields among the world famous Joshua trees. The movie industry has captured the essence of the high desert in multitudes of movies shot here each year, bringing many additional visitors to patronize our hotels and retail establishments.

Economic Development Successes

Sustainable economic development is a major Council priority. Regardless of the crippling statewide elimination of redevelopment agencies in 2012, the City of Lancaster has continued to grow its economy by attracting such businesses as Build Your Dreams (BYD), Morton Manufacturing, Marriott, and Kaiser Permanente, to name just a few. Companies are continuing to recognize the potential for growth in Lancaster and are relocating or expanding businesses which are to add jobs to the City's recovering economy. Fiscal year 2013-2014 saw a tremendous amount of economic activity that promises great things for the City of Lancaster well into the future.

In a historic event attended by State of California Governor Jerry Brown, BYD unveiled the first California-made, all-electric, long-range, 40-foot rapid transit bus. The ceremony was held at BYD's first ever electric bus factory in the United States, which has created more than 60 new jobs for American workers.

BYD expects to increase the number of new jobs created to 100 by the end of the year, while adding 200 more by the end of next year. The company hopes this will be the first of many cities where BYD will provide clean energy electric buses, while creating more jobs for Americans.

BYD's breakthrough battery and EV technologies have resulted in an electric-powered, 24-hour, long-range battery that provides emission-free, silent, and economic public and private transportation. As the world's largest manufacturer of rechargeable batteries, BYD's mission is to create safer and more environmentally-friendly battery technologies. This has resulted in the BYD Iron Phosphate Battery.

In November 2013, the City of Lancaster and Morton Manufacturing, a well-established firm specializing in the manufacture of fasteners for the aerospace industry, celebrated the grand opening of Morton's new 88,000 square foot facility in the Lancaster Business Park. The company brings a total of 350 jobs to the Antelope Valley, including 220 existing employees as well as 130 new positions for local workers.

Launched in 1967, Morton Manufacturing specializes in the production of nickel-alloy bolts for gas-turbine aircraft engines. The firm, whose client list includes such companies as General Electric, Pratt Whitney and Rolls Royce, began seeking a new location in 2011 when incoming orders began to greatly outstrip the production capacity of their Santa Clarita facility. With approximately 40 percent of its existing workforce already residing in the Antelope Valley, Morton Manufacturing's search for a new site quickly led them to Lancaster.

Additional economic opportunities in the tourism and hospitality sector continue to arise. The Marriot TownPlace Suites Hotel and the accompanying complex of shops and restaurants generated more than 80 construction jobs and 280 permanent positions. An extended-stay property of Marriott, the four-story, 92-suite hotel is located at the southwest corner of 20th Street West and Avenue J-8. The TownePlace Suites, which is the first four-story hotel in Lancaster's history, opened its doors to travelers in 2014.

The Marriott is the first phase of a development project that will extend along 20th Street West from Avenue J-8 to J-13. The City has been working with developer Robert Martin of Martin Properties, Inc. and Nelson Mamey, owner of Mamey Investment Corporation, for years to bring this development to life, which will include a sit-down dinner house and shopping space. The hotel is also notable because it is the first EB-5 project to be carried out in Lancaster. EB-5 is a federal program encouraging foreign investment and increasing job creation in America. Being Lancaster's first-ever EB-5 program, this new Marriott is indicative of Lancaster's rising appeal to investors worldwide.

In the health care arena, Kaiser Permanente has expanded their employment in Lancaster with the construction of their new 136,000 square foot office complex completed in 2014. The location features both offices as well as a number of specialized care facilities. The complex is Kaiser Permanente's first to utilize solar water heating and reclaimed water. The new City of Hope facility on Antelope Valley Hospital grounds houses more than 56,000 square feet of patient care, office, and educational facilities. The location provided work to 175 construction workers, as well as 30 permanent staff members.

Along the education front, Lancaster's SOAR High School continues to be the crown jewel of the educational system, performing in the top 1% of high schools in the nation with an academic performance index (API) score of 945 at the end of the 2011-2012 school year. In addition, a partnership with the Lancaster University Center and California State University Long Beach has yielded a program in which one can earn a Bachelor's degree in engineering right here in the Antelope Valley in just 2 and a half years. The Lancaster University Center has also teamed up with the Coalition for Humane Immigrant Rights of Los Angeles to provide Spanish GED courses in Lancaster.

The film industry has a significant economic impact in the Antelope Valley. Recently over 4,000 residents participated in a casting call for *The Fast and the Furious 7*. 1,500 individuals were selected as extras for the film, making up to \$400 over three days of filming. The impact goes beyond the money made by film extras and stretches into the hotel rooms that are filled and the local restaurants and stores that see an increase in sales throughout filming.

The City's dedication to economic growth was recognized by the Los Angeles County Economic Development Corporation (LAEDC). Lancaster was named "Most Business-Friendly City" in Los Angeles County at the 18th annual Eddy Awards. Lancaster is the first city in the history of the program to have won the award twice, with its first win in 2007.

"Lancaster understands that domestic and global competition for jobs, businesses and entire industries has never been fiercer," said Bill Allen, LAEDC president and CEO. "The City of Lancaster vigorously competes by training its residents for tomorrow's jobs, not for yesterday's; by keeping costs and fees down to attract new businesses and jobs; and by supporting its start-up sector, which will drive the city's economic growth in the future."

"Considered one of the least expensive places to conduct business by the Kosmont-Rose Survey, Lancaster's economic stimulus package, streamlined permit process, and reduced transactions fees have spurred economic, community and real estate development," states a press release issued by the LAEDC. "The downtown revitalization project created a vibrant urban center with 50 new businesses and hundreds of new jobs."

The BLVD

Downtown Lancaster property owners approved the new Property-Based Improvement District (PBID) with 73.22% of voters in favor. Used in other downtown districts throughout the state (i.e. Pasadena, Long Beach, and Burbank), the PBID gives our downtown businesses the resources they need to thrive well into the future. The BLVD Association's annual budget has grown from just \$25,000 to more than \$260,000, providing funding for such services as additional private security and maintenance, administration and advocacy, and marketing and promotions. The PBID's efforts augment the City's existing services to build a stronger, more vibrant downtown than ever before.

The Auto Mall

A new motorcycle and watercraft dealership, an entirely renovated Honda Superstore, and attractive landscaping improvements is on the horizon for the Lancaster Auto Mall. Clutter Motors, the parent company of Lancaster Honda, Antelope Valley Subaru, and Lancaster Tire Pros, announced plans to open a motorcycle and watercraft dealership, in addition to a full

renovation of their existing Lancaster Honda facility. The planned expansion also includes a City streetscape project which would greatly enhance the curb-appeal of the Lancaster Auto Mall adjacent to Lancaster Honda and Antelope Valley Subaru.

Improvements to Infrastructure

The economic climate of the past six years has not held the City back from its aggressive Capital Improvement Program (CIP), which continues to enhance the quality of life for Lancaster residents. In all, 89 CIP projects are fully funded through sources such as Measure R grants and specialty funds. By utilizing City crews to do the street rehabilitation projects, the City is producing 40% more output than if the work was outsourced. In fact, many of these projects are currently six weeks ahead of schedule, and being completed for 60% less in costs.

Reducing Dependence on Potable Water

Lancaster recently completed a new recycled water irrigation system at Lancaster City Park. The City Park Recycled Water Conversion project allows the nearly 70 acre park, which includes Lancaster's Big 8 Softball Complex, to be irrigated entirely by recycled water. The project saves approximately 125 acre-feet of potable water per year; an equivalent of nearly 40,730,000 gallons annually. The City Park Recycled Water Conversion project, which cost approximately \$456,000 to construct, is expected to save 625 acre-feet of potable water and more than \$156,000 in water costs over the next five years.

The project, approved by both the Los Angeles County Health Department and the Sanitation Districts of Los Angeles County, utilizes recycled water from the local Lancaster Water Reclamation Plant. At the plant, reclaimed water goes through a three-stage treatment process, resulting in tertiary-treated water. The water from the reclamation plant travels nearly 8 miles through a series of special recycled-water pipelines which stretch from the reclamation facility on Avenue D to Lancaster City Park on Avenue K-8. This new pipeline, constructed over the past eight years with assistance from the Army Corps of Engineers, is the main artery of the City's recycled water system infrastructure.

The recycled water pipeline includes the capability to allow facilities with large-scale irrigation needs to tie into the pipeline, such as the new Kaiser Permanente medical office building near Avenue L & 5th Street West. The Lancaster University Center, located near Avenue I, has already connected to the recycled water pipeline and expects to use 11 acre-feet of recycled water annually thus saving the same amount of potable water.

Finances in the Future

The City continues its fiscally conservative General Fund balance reserve to cover unanticipated revenue shortfalls or expenditure requirements. Also in safe and closely monitored condition is the City's status relative to Proposition 4, the Gann initiative, which limits appropriations by a formula, tied to the Consumer Price Index, population growth, and assessed value changes. This year the City continued its long-standing policy of maintaining the City's general fund unallocated 10% operating reserve and unallocated financial stability reserve of approximately 10%, for a total reserve of approximately 20%.

The continued weakened economy results in a loss of revenue to the City of Lancaster. However, through its long-range financial forecasting, the City has positioned itself to weather

the current economic downturn. The City made a commitment to excellent customer service, public safety and maintaining long-term financial stability. This was accomplished by finding opportunities to improve efficiencies, deferring projects and reducing administrative costs. As mentioned, the City is also pursuing new and innovative sources of revenue, as evidenced by the Lancaster Power Authority and California Clean Energy Authority projects.

OTHER INFORMATION

Independent Audit

The City requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. This report was prepared with the assistance of the auditor, the independent certified public accounting firm of White Nelson Diehl Evans LLC. The auditor's opinion is included in this report.

Financial Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lancaster for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Lancaster has received a Certificate of Achievement for the last twenty-eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA.

Acknowledgments

The preparation of this document is the result of the hard work of the entire Finance Department staff. Special recognition goes to Pam Statsmann, Assistant Finance Director and Tammie Holladay, Accounting Supervisor for their dedication, and whose efforts, coupled with the assistance of our auditors, have culminated in the timely completion of this report. We are pleased with the product and wish to thank all involved. Special appreciation goes to the members of the City Council for their continuing engagement and support in the financial activities of the City. The financial success of the City of Lancaster is greatly attributable to the City Council's progressive and responsible manner in addressing the business of this municipality.

Respectfully submitted,



Mark V. Bozigian
City Manager



Barbara Boswell
Finance Director

CITY OF LANCASTER

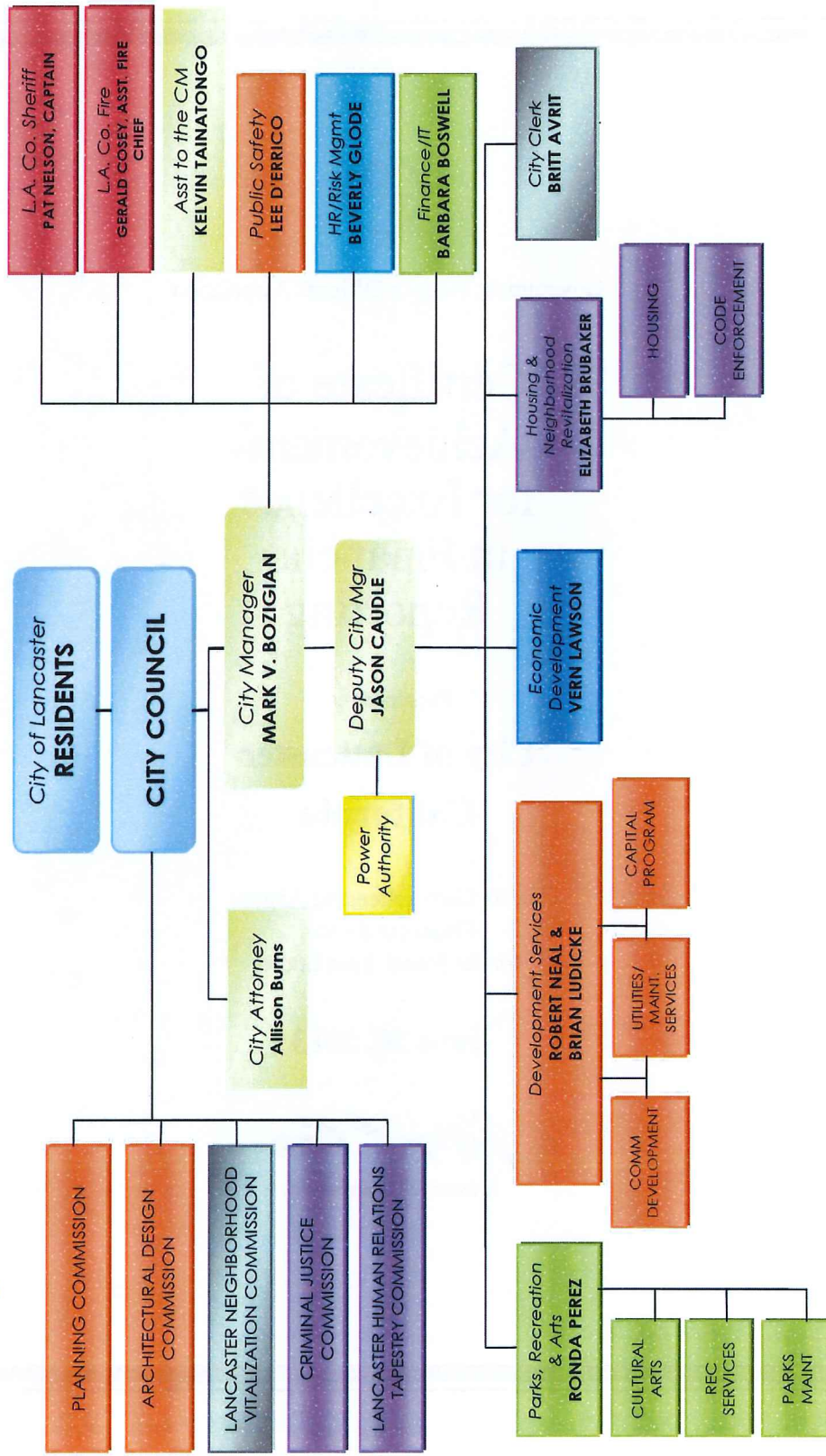
CITY COUNCIL MEMBERS

		<u>Term Expires</u>
R. Rex Parris	Mayor	2016
Marvin E. Crist	Vice Mayor	2018
Ronald D. Smith	Council Member	2018
Kenneth G. Mann	Council Member	2016
Sandra Johnson	Council Member	2016

CITY OFFICIALS

Mark V. Bozigian	City Manager
Allison E. Burns	City Attorney
Jason D. Caudle	Deputy City Manager
Kelvin Tainatongo	Assistant to the City Manager
Barbara Boswell	Finance Director
Elizabeth A. Brubaker	Housing & Neighborhood Revitalization Director
Geri K. Bryan	City Clerk
Beverly Glode	Human Resources and Risk Management Director
Vern Lawson	Economic Development Director
Brian S. Ludicke	Planning Director
Ronda Perez	Parks, Recreation and Arts Director
Robert C. Neal	Public Works Director

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Government Finance Officers Association

**Certificate of
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in Financial
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Presented to

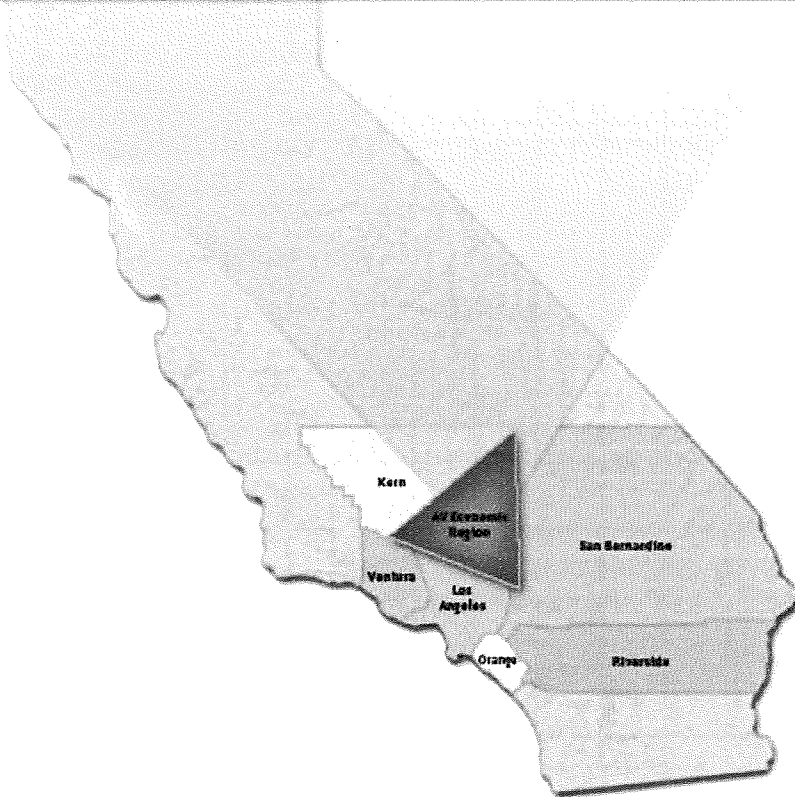
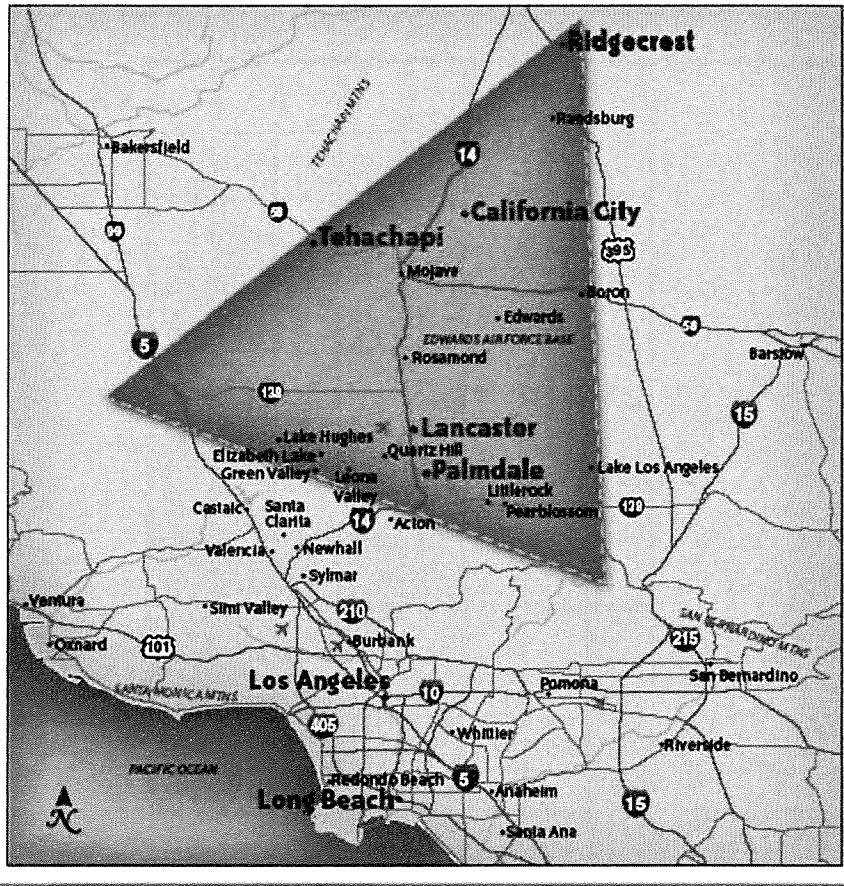
**City of Lancaster
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

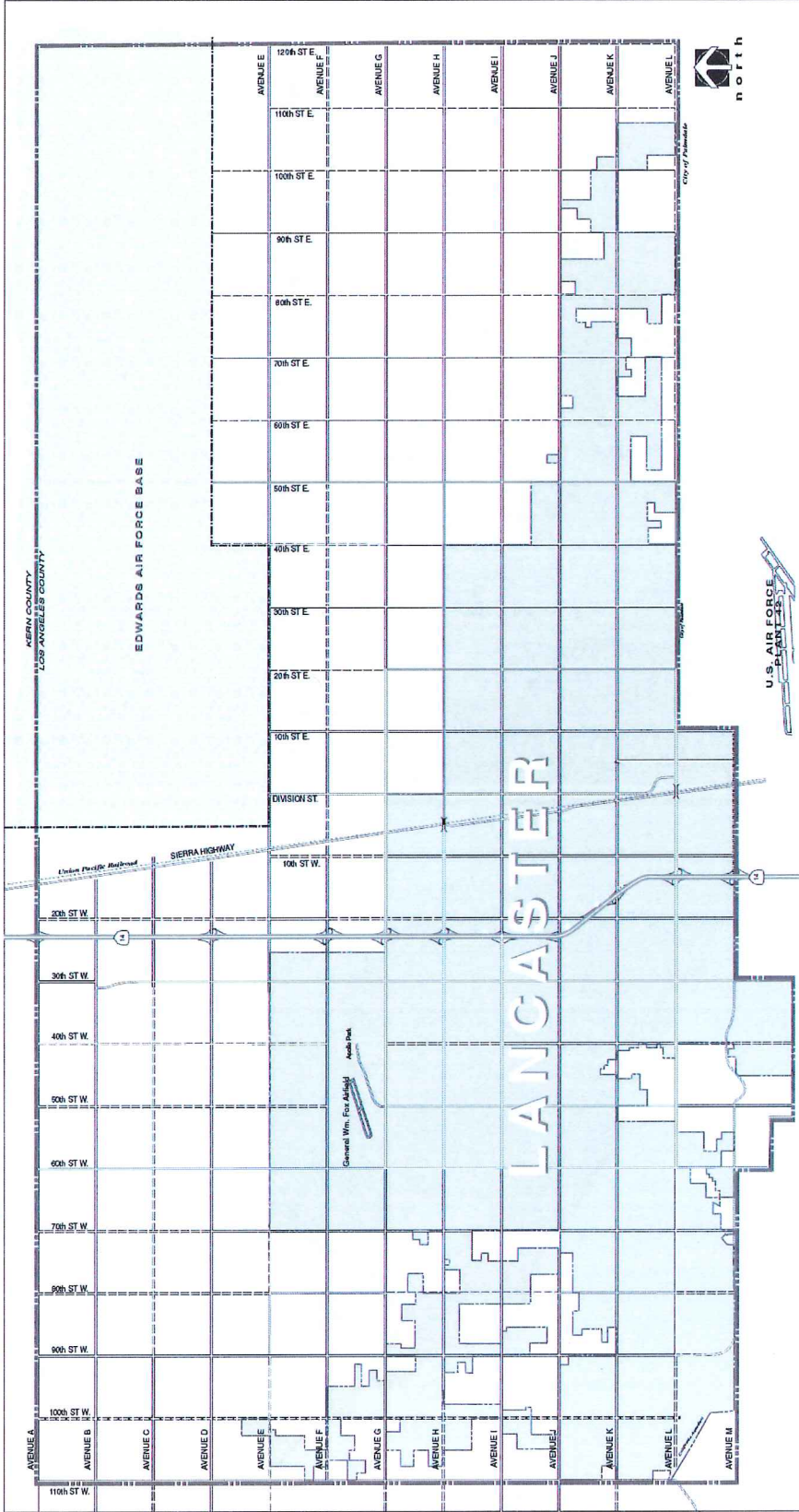
Executive Director/CEO

AV Economic Region



CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
of the City of Lancaster
Lancaster, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Lancaster (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Lancaster, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund, the HOME Program Special Revenue Fund and the Lancaster Housing Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 16 to the financial statements, the net position of the governmental activities, and fiduciary private-purpose trust fund were restated as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 22, 2014

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Management's Discussion and Analysis

As management of the City of Lancaster, we offer readers of the City of Lancaster's financial statements this narrative overview and analysis of the financial activities of the City of Lancaster for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The program and general revenues were \$101,231,678
- The cost of governmental activities was \$120,192,654
- The General Fund reported revenues and transfers-in in excess of expenditures and transfers-out of \$15,092,375. This was a direct result of the reinstatement of pre-dissolution loans to the former RDA in the amount of \$18,269,439.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) was more than final budget by \$18,848,807; while actual appropriations (outflows) were less than the final budget by \$470,334.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lancaster's basic financial statements. The City of Lancaster's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Lancaster's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Lancaster's assets, deferred outflows, liabilities, and deferred inflow of resources with the net difference reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lancaster is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lancaster that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lancaster include General Government, Public Safety, Community Development, Parks and Recreation, Public Works, and Housing. The business-type activities include the Lancaster Power Authority.

The government-wide financial statements include the blending of a separate legal entity--the Lancaster Housing Authority. Although legally separate, this "component unit" is important because the City of Lancaster is financially accountable for it. Separate statements are provided for business activities of the Lancaster Power Authority and the fiduciary activities of the Agency Funds and Private Purpose Funds of the Lancaster Successor Agency.

See independent auditors' report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lancaster, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lancaster can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental Funds. Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lancaster maintains thirty-seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, one capital project fund, and two special revenue funds, both of which are considered to be major funds. Data from the other thirty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Lancaster adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds. A Proprietary or Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Lancaster uses an enterprise fund to account for the activities of the Lancaster Power Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Lancaster Power Authority.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lancaster's own programs.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental are presented immediately following the notes.

See independent auditors' report.

Government-wide Financial Analysis

Our analysis focuses on the net position and changes in net position of the City's governmental activities.

**City of Lancaster Net Position
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 236,096	\$ 197,610	\$ 2,728	\$ 3,238	\$ 238,824	\$ 200,848
Capital Assets	926,113	940,305	21,138	22,077	947,251	962,382
Total Assets	1,162,209	1,137,915	23,866	25,315	1,186,075	1,163,230
Long Term Liabilities Outstanding	29,131	25,891	25,359	26,336	54,490	52,227
Other Liabilities	24,555	8,410	259	377	24,814	8,787
Total Liabilities	53,686	34,301	25,618	26,713	79,304	61,014
Net Position						
Net Investment in Capital Assets	923,426	937,437	(4,221)	(4,258)	919,205	933,179
Restricted	154,577	161,082	-	-	154,577	161,082
Unrestricted	30,520	5,095	2,469	2,861	32,989	7,956
Total Net Assets	<u>\$1,108,523</u>	<u>\$1,103,614</u>	<u>\$ (1,752)</u>	<u>\$ (1,397)</u>	<u>\$ 1,106,771</u>	<u>\$ 1,102,217</u>

Governmental Activities. Governmental activities increased the City of Lancaster's net position by \$19,648,352.

- Sales tax increased \$1,789,157 or 11% from the prior year.
- Contribution of land from the Successor Agency accounted for an increase of \$3,806,539.
- Reinstatement of pre-dissolution loans from the former RDA accounted for an increase of \$37,662,891.

Business-Type Activities. Business-type activities decreased the City of Lancaster's net position by \$355,039 due to debt service obligations and slower than expected revenue generation.

See independent auditors' report.

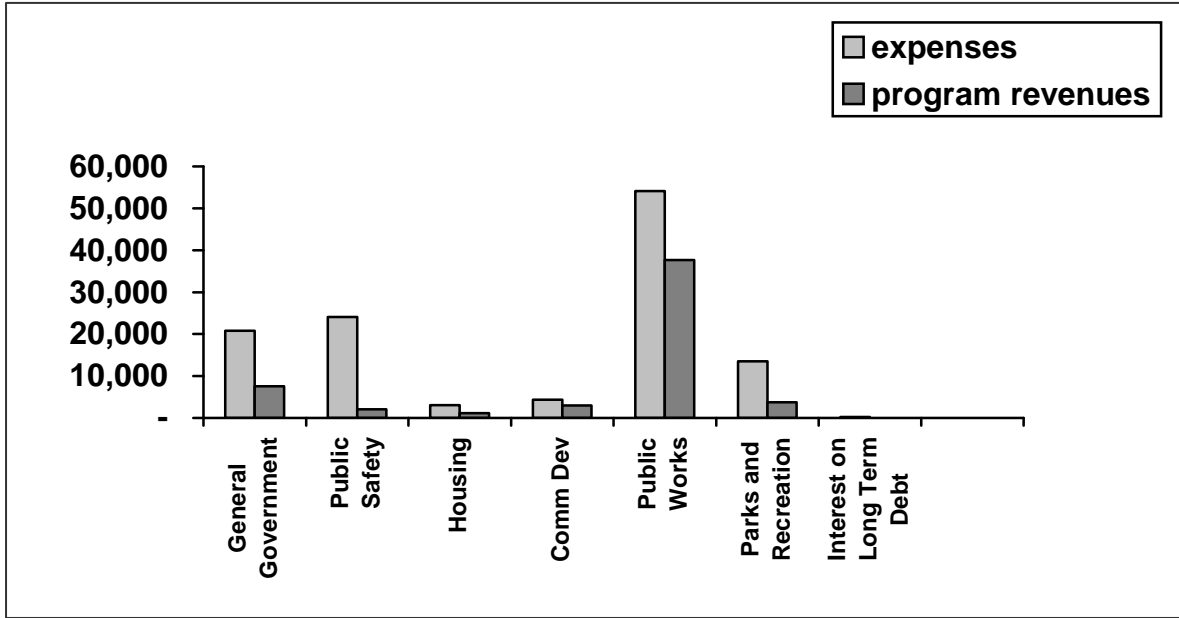
**City of Lancaster Changes in Net Position
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 19,724	\$ 19,605	\$ 3,403	\$ 2,938	\$ 23,127	\$ 22,543
Operating contributions and grants	22,339	27,016	-	-	22,339	27,016
Capital contributions and grants	13,157	10,894	-	-	13,157	10,894
General revenues:						
Taxes:						
Property taxes	14,371	14,143	-	-	14,371	14,143
Sales taxes	18,044	16,254	-	-	18,044	16,254
Franchise taxes	2,669	2,618	-	-	2,669	2,618
Other taxes	2,657	2,628	-	-	2,657	2,628
Motor vehicle in lieu	67	81	-	-	67	81
Investment income	253	38	9	-	262	38
Other	4,492	1,117	48	45	4,540	1,162
Transfers	600	600	(600)	(600)	-	-
Special Items	41,469	-	-	-	41,469	-
Total revenues	<u>139,842</u>	<u>94,994</u>	<u>2,860</u>	<u>2,383</u>	<u>142,702</u>	<u>97,377</u>
Expenses						
General government	20,827	20,108	-	-	20,827	20,108
Public safety	24,042	25,619	-	-	24,042	25,619
Public works	54,079	53,655	-	-	54,079	53,655
Parks and recreation	13,556	13,050	-	-	13,556	13,050
Housing	3,072	421	-	-	3,072	421
Community Development	4,383	6,554	-	-	4,383	6,554
Interest on long-term debt	234	376	-	-	234	376
Lancaster Power Authority	-	-	3,215	2,991	3,215	2,991
Extraordinary Loss	-	14,483	-	-	-	14,483
Total expenses	<u>120,193</u>	<u>134,266</u>	<u>3,215</u>	<u>2,991</u>	<u>123,408</u>	<u>137,257</u>
Increase (decrease) in net position	\$ 19,649	\$ (39,272)	\$ (355)	\$ (608)	\$ 19,294	\$ (39,880)
Beginning Net Position	1,103,614	1,120,616	(1,397)	(253)	1,102,217	1,120,363
Prior Period Adjustment	(14,740)	22,270	-	(536)	(14,740)	21,734
Ending Net Position	<u>\$1,108,523</u>	<u>\$1,103,614</u>	<u>\$ (1,752)</u>	<u>\$ (1,397)</u>	<u>\$1,106,771</u>	<u>\$1,102,217</u>

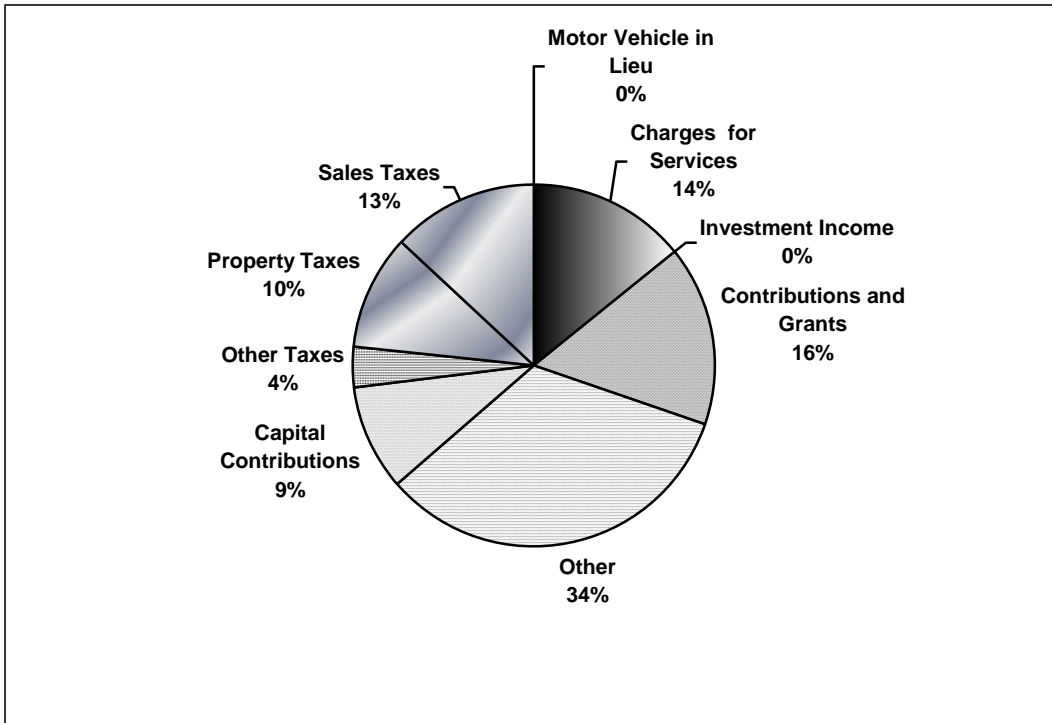
The City's total revenues are \$142,701,108 while the costs of all programs and services are \$123,407,795.

See independent auditors' report.

**City of Lancaster Government Activities
Revenue by Source
(in Thousands)**



**City of Lancaster Governmental Activities
(in Thousands)**



See independent auditors' report.

**City of Lancaster Governmental Activities
(in Thousands)**

The following presents the cost of each of the City's five largest programs—general government, public safety, community development, parks and recreation, and public works—as well as each program's *net* cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

	Total Cost of Services	Net Cost of Services
	2014	2014
General Government	\$ 20,827	\$ (13,276)
Public Safety	24,042	(21,950)
Community Development	4,383	(1,429)
Parks and Recreation	13,556	(9,785)
Public Works	54,079	(16,391)
Totals	\$ 116,887	\$ (62,831)

The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

Financial Analysis of the City's Funds

The City of Lancaster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Lancaster's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Lancaster's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Lancaster's governmental funds reported combined ending fund balances of \$190.4 million.

The General Fund is the chief operating fund of the City of Lancaster. At the end of the current fiscal year, including operating transfers, the General Fund reported revenues and transfers-in in excess of expenditures and transfers-out of \$15,092,375. The increase in fund balance directly relates to the reinstatement of pre-dissolution loans to the former RDA in the amount of \$18,269,439.

The HOME Program Fund is a special revenue fund used to capture activities performed under the U.S. Department of Housing and Urban Development (HUD)'s HOME Investment Partnerships Program. At the end of the fiscal year, the HOME Program Fund reported revenues in excess of expenditures in the amount of \$65,733.

The Lancaster Housing Authority Fund is a special revenue fund used to capture activities performed by the Lancaster Housing Authority. At the end of the current fiscal year, the Lancaster Housing Authority Fund reported revenues and transfer-in in excess of expenditures and transfers-out of \$3,778,467. The increase in fund balance directly relates to the reinstatement of pre-dissolution loans to the former RDA in the amount of \$4,567,360.

See independent auditors' report.

The Capital Projects Fund is a governmental fund used to record capital improvement project activities. Expenditures of this fund are funded by transfers in from other funds. In fiscal year 13/14, the Capital Projects Fund reported expenditures and matching transfers in totaling \$10,079,834.

Proprietary Funds. The City of Lancaster’s proprietary fund provides the same type of information found in the government-wide financial statement, but in more detail. The City of Lancaster has only one fund of this type.

This is the third year for Proprietary reporting of the Lancaster Power Authority. Net position of the Lancaster Power Authority at the end of the year was (\$1,752,308) mainly due to debt service obligations.

General Fund Budgetary Highlights

The actual amounts of expenditures for the General Fund at year-end were \$1,084,918 less than the final budget before transfers. The budget to actual variance in appropriations was principally due to close control by management. Actual revenues were \$18,828,073 more than the final budget before transfers.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2014, the City had \$926.1 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City’s Capital Improvement Plan projects spending \$22.3 million through fiscal 2014-15 on new projects. Funding will come from current fund balances and projected revenues. The most significant projects include: Pavement Management Program; Avenue I street improvements from Challenger to Price, and Price to 35th St E; Avenue K and SR 14 interchange; Pedestrian and street improvements on 20th St W from Lancaster Blvd. to Avenue J.

Land	\$	22,256
Buildings and Improvements		40,683
Furniture and Equipment		4,431
Infrastructure		828,855
Construction in Progress		<u>29,888</u>
Net Capital Assets	\$	<u><u>926,113</u></u>

Note 4 provides a detailed analysis of the Capital Assets.

Long-term Debt. At the end of the current fiscal year, the City of Lancaster’s total long term debt increased by \$3,240,774 or 12.5% from the prior year. As of June 30, 2014, the City of Lancaster had accrued employee benefits outstanding of \$3,125,589.

Energy Revenue Bonds of the Lancaster Power Authority will be paid out of solar utility revenues.

See independent auditors’ report.

**City of Lancaster
Long-term Debt
(in Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes Payable	\$ 3,130	\$ 3,478	\$ -	\$ -	\$ 3,130	\$ 3,478
Accrued Employee Benefits	3,126	2,806	-	-	3,126	2,806
Claims and Judgements	1,228	899	-	-	1,228	899
Net OPEB Obligation	18,960	15,840	-	-	18,960	15,840
Renew able Energy Bonds	-	-	25,895	26,895	25,895	26,895
Unamortized Bond Discount	-	-	(536)	(559)	(536)	(559)
Loans	1,330	1,426	-	-	1,330	1,426
Capital Lease	1,357	1,441	-	-	1,357	1,441
Total	<u>\$ 29,131</u>	<u>\$ 25,890</u>	<u>\$ 25,359</u>	<u>\$ 26,336</u>	<u>\$ 54,490</u>	<u>\$ 52,226</u>

Note 6 provides a detailed analysis of the Long Term Debt.

Economic Factors and Next Year's Budgets and Rates

On June 24, 2014, the City Council adopted the 2014-15 Program and Financial Plan and 2014-15 Budget, with total appropriations of \$109.2 million. Adequate resources are available to fund the proposed expenditures. Consistent with the City's policy, General Fund operating revenues fully cover on-going operating expenses with Fund Balance funding one-time expenses. Ending fund balance meet's the City's policy minimum of 10% of operating expenditures.

Budgetary revenue estimates have been prepared using a variety of methods. Certain revenue sources, such as Federal and State grants and transportation funds are relatively fixed and known. Others, such as sales tax and development related revenues are more difficult to estimate. In those cases, a cautiously optimistic economic outlook has been assumed.

Current economic conditions allow the City to maintain core services, and to maintain current levels of public safety. However, prudent long-term fiscal planning dictates that we remain conservative, focus on the highest priorities, and fund only those enhancements we can sustain financially.

The largest single source of revenue for the City's General Fund is sales tax, which represents 36.1% of all General Fund revenues for the upcoming fiscal year. The revenue and expenditure projections for development related activity are based upon local and regional economic forecasts and trends. Overall the budget is based on the information supplied by outside agencies, such as the State Department of Finance, State Board of Equalization, and the Los Angeles County Assessor's Office, to predict revenues. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. Once again, the proposed budget is balanced and conservative in a highly volatile fiscal environment.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Pamela Statsmann, Assistant Finance Director, at the City of Lancaster, 44933 Fern Avenue, Lancaster, CA 93534, or by phone at (661)723-6038.

See independent auditors' report.

BASIC FINANCIAL STATEMENTS

CITY OF LANCASTER

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-Type Activity	Total
ASSETS:			
Cash and investments	\$ 78,414,850	\$ -	\$ 78,414,850
Receivables:			
Accounts	3,003,695	504,040	3,507,735
Taxes	4,177,178	-	4,177,178
Notes and loans	25,027,442	-	25,027,442
Accrued interest	140,392	-	140,392
Prepaid items	367,925	-	367,925
Due from other governments	3,238,524	-	3,238,524
Internal balances	19,786	(19,786)	-
Inventories	54,983	-	54,983
Land held for resale	53,829,614	-	53,829,614
Advances to Successor Agency	64,172,782	-	64,172,782
Restricted assets:			
Cash and investments	53,024	2,243,473	2,296,497
Prepaid pension asset	3,595,453	-	3,595,453
Capital assets:			
Non-depreciable	52,144,886	-	52,144,886
Depreciable	873,968,187	21,138,097	895,106,284
TOTAL ASSETS	1,162,208,721	23,865,824	1,186,074,545
LIABILITIES:			
Accounts payable	6,425,555	22,013	6,447,568
Accrued liabilities	1,319,912	681	1,320,593
Accrued interest	76,295	164,749	241,044
Unearned revenues	15,288,852	71,225	15,360,077
Deposits payable	1,443,937	-	1,443,937
Noncurrent liabilities:			
Due within one year	2,820,094	1,045,000	3,865,094
Due in more than one year	26,311,359	24,314,464	50,625,823
TOTAL LIABILITIES	53,686,004	25,618,132	79,304,136
NET POSITION:			
Net investment in capital assets	923,425,649	(4,221,367)	919,204,282
Restricted for:			
Community development projects	4,515,938	-	4,515,938
Public safety	51,975	-	51,975
Parks and recreation	2,195,355	-	2,195,355
Public works	45,157,433	-	45,157,433
Debt service	2,033,494	-	2,033,494
Housing	100,622,781	-	100,622,781
Unrestricted	30,520,092	2,469,059	32,989,151
TOTAL NET POSITION	\$ 1,108,522,717	\$ (1,752,308)	\$ 1,106,770,409

See independent auditors' report and notes to financial statements.

CITY OF LANCASER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 20,826,798	\$ 198,193	\$ 7,352,995	\$ -
Public safety	24,042,237	978,834	1,112,948	-
Community development	4,382,821	568,214	2,385,156	-
Parks and recreation	13,555,843	3,683,705	87,163	-
Public works	54,078,702	13,285,244	11,245,588	13,157,118
Housing	3,072,338	1,009,550	154,883	-
Interest and other charges	233,915	-	-	-
Total governmental activities	120,192,654	19,723,740	22,338,733	13,157,118
Business-Type Activity:				
Lancaster Power Authority	3,215,141	3,402,736	-	-
Total primary government	\$ 123,407,795	\$ 23,126,476	\$ 22,338,733	\$ 13,157,118

General revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Investment income

Miscellaneous

Gain on sale of property

Transfers

Total general revenues and transfers

Change in net position before special items

Special Items:

Contribution of land from Successor Agency

Reinstatement of pre-dissolution loans to former RDA

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See independent auditors' report and notes to financial statements.

Net (Expenses) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activity	Total
\$ (13,275,610)	\$ -	\$ (13,275,610)
(21,950,455)	-	(21,950,455)
(1,429,451)	-	(1,429,451)
(9,784,975)	-	(9,784,975)
(16,390,752)	-	(16,390,752)
(1,907,905)	-	(1,907,905)
(233,915)	-	(233,915)
<u>(64,973,063)</u>	<u>-</u>	<u>(64,973,063)</u>
-	187,595	187,595
<u>(64,973,063)</u>	<u>187,595</u>	<u>(64,785,468)</u>
14,370,865	-	14,370,865
1,313,033	-	1,313,033
18,043,706	-	18,043,706
2,669,286	-	2,669,286
929,618	-	929,618
413,913	-	413,913
67,299	-	67,299
252,605	9,533	262,138
331,511	47,833	379,344
4,160,149	-	4,160,149
600,000	(600,000)	-
<u>43,151,985</u>	<u>(542,634)</u>	<u>42,609,351</u>
(21,821,078)	(355,039)	(22,176,117)
3,806,539	-	3,806,539
37,662,891	-	37,662,891
<u>19,648,352</u>	<u>(355,039)</u>	<u>19,293,313</u>
<u>1,088,874,365</u>	<u>(1,397,269)</u>	<u>1,087,477,096</u>
<u>\$ 1,108,522,717</u>	<u>\$ (1,752,308)</u>	<u>\$ 1,106,770,409</u>

CITY OF LANCASTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General	Special Revenue Funds	
		HOME Program	Lancaster Housing Authority
ASSETS:			
Pooled cash and investments	\$ 11,042,226	\$ 459,703	\$ 11,921,899
Receivables:			
Accounts	1,451,809	4,329	41,470
Taxes	4,002,620	-	-
Notes and loans	8,383,972	13,653,828	2,989,642
Accrued interest	31,957	823	21,363
Prepaid items	367,925	-	-
Due from other governments	283,497	-	-
Due from other funds	5,525,812	-	-
Inventories	54,983	-	-
Land held for resale	-	-	53,579,848
Advances to Successor Agency	32,328,612	-	31,844,170
Restricted assets:			
Cash and investments	-	-	53,024
TOTAL ASSETS	<u>\$ 63,473,413</u>	<u>\$ 14,118,683</u>	<u>\$ 100,451,416</u>
LIABILITIES:			
Accounts payable	\$ 4,760,364	\$ 15,684	\$ 700
Accrued liabilities	1,308,179	-	1,358
Unearned revenues	780,755	13,063,766	826,842
Deposits payable	1,404,969	-	38,968
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>8,254,267</u>	<u>13,079,450</u>	<u>867,868</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	13,575,232	-	2,973,695
FUND BALANCES:			
Nonspendable:			
Notes and loans	7,368,200	-	-
Prepaid items	367,925	-	-
Advances to Successor Agency	20,430,127	-	-
Inventories	54,983	-	-
Restricted:			
Community development projects	-	-	-
Public safety	-	-	-
Parks and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	-
Housing	-	1,039,233	96,609,853
Assigned:			
Employee benefits	1,248,302	-	-
Building replacement	24,792	-	-
Capital facilities	87,750	-	-
Technology infrastructure	2,071,958	-	-
Legal claims	1,247,824	-	-
Capital projects	-	-	-
Unassigned	8,742,053	-	-
TOTAL FUND BALANCES	<u>41,643,914</u>	<u>1,039,233</u>	<u>96,609,853</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 63,473,413</u>	<u>\$ 14,118,683</u>	<u>\$ 100,451,416</u>

See independent auditors' report and notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 725,010	\$ 54,266,012	\$ 78,414,850
12,533	1,493,554	3,003,695
-	174,558	4,177,178
-	-	25,027,442
-	86,249	140,392
-	-	367,925
-	2,955,027	3,238,524
-	-	5,525,812
-	-	54,983
-	249,766	53,829,614
-	-	64,172,782
-	-	53,024
<u>\$ 737,543</u>	<u>\$ 59,225,166</u>	<u>\$ 238,006,221</u>
\$ 737,034	\$ 911,773	\$ 6,425,555
-	10,375	1,319,912
-	617,489	15,288,852
-	-	1,443,937
-	5,506,026	5,506,026
<u>737,034</u>	<u>7,045,663</u>	<u>29,984,282</u>
-	1,024,098	17,573,025
-	-	7,368,200
-	-	367,925
-	-	20,430,127
-	-	54,983
-	4,515,938	4,515,938
-	51,975	51,975
-	2,195,355	2,195,355
-	44,996,066	44,996,066
-	2,033,494	2,033,494
-	-	97,649,086
-	-	1,248,302
-	-	24,792
-	-	87,750
-	-	2,071,958
-	-	1,247,824
509	-	509
-	(2,637,423)	6,104,630
<u>509</u>	<u>51,155,405</u>	<u>190,448,914</u>
<u>\$ 737,543</u>	<u>\$ 59,225,166</u>	<u>\$ 238,006,221</u>

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CITY OF LANCASTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2014

Fund balances - total governmental funds		\$ 190,448,914
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	\$ 1,713,207,714	
Accumulated depreciation	<u>(787,094,641)</u>	926,113,073
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2014 are:		
Bonds, notes, loans and capital leases payable	(5,817,424)	
Claims and judgments	(1,228,000)	
Compensated absences	<u>(3,125,589)</u>	(10,171,013)
Governmental funds report all Other Post-Employment Benefit (OPEB) and pension contributions as expenditures, however, in the Statement of Net Position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability:		
Net pension asset	3,595,453	
Net OPEB obligation	<u>(18,960,440)</u>	(15,364,987)
Accrued interest payable for the current portion of interest due on bonds are not reported in the governmental funds		(76,295)
Long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund financial statements:		
Unavailable revenues		<u>17,573,025</u>
Net position of governmental activities		<u><u>\$ 1,108,522,717</u></u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	Special Revenue Funds		
	General	HOME Program	Lancaster Housing Authority
REVENUES:			
Taxes	\$ 38,941,534	\$ -	\$ -
Licenses and permits	1,300,032	-	-
Intergovernmental	1,328,264	65,122	-
Charges for services	3,452,960	-	-
Use of money and property	715,013	5,007	4,618,318
Fines and forfeitures	735,551	-	-
Miscellaneous	548,765	-	261,856
TOTAL REVENUES	47,022,119	70,129	4,880,174
EXPENDITURES:			
Current:			
General government	11,760,368	4,396	-
Public safety	24,095,351	-	-
Community development	2,720,694	-	-
Parks and recreation	12,324,636	-	-
Public works	3,368,701	-	-
Housing	-	-	4,797,697
Capital outlay	384,904	-	-
Debt service:			
Principal retirement	180,151	-	-
Interest and fiscal charges	103,868	-	-
TOTAL EXPENDITURES	54,938,673	4,396	4,797,697
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,916,554)	65,733	82,477
OTHER FINANCING SOURCES (USES):			
Transfers in	6,905,944	-	-
Transfers out	(2,166,454)	-	(871,370)
TOTAL OTHER FINANCING SOURCES (USES)	4,739,490	-	(871,370)
NET CHANGE IN FUND BALANCES, BEFORE SPECIAL ITEM	(3,177,064)	65,733	(788,893)
SPECIAL ITEM:			
Reinstatement of pre-dissolution loans to former RDA	18,269,439	-	4,567,360
NET CHANGE IN FUND BALANCES	15,092,375	65,733	3,778,467
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	26,551,539	973,500	92,831,386
FUND BALANCES - END OF YEAR	\$ 41,643,914	\$ 1,039,233	\$ 96,609,853

See independent auditors' report and notes to financial statements.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,200,515	\$ 43,142,049
-	2,465,099	3,765,131
-	24,048,020	25,441,406
-	7,602,201	11,055,161
-	650,392	5,988,730
-	428,558	1,164,109
-	297,732	1,108,353
-	<u>39,692,517</u>	<u>91,664,939</u>
-	2,233,269	13,998,033
-	142,878	24,238,229
-	1,300,608	4,021,302
-	-	12,324,636
-	14,271,036	17,639,737
-	265,462	5,063,159
10,079,834	657,099	11,121,837
-	348,000	528,151
-	140,715	244,583
<u>10,079,834</u>	<u>19,359,067</u>	<u>89,179,667</u>
<u>(10,079,834)</u>	<u>20,333,450</u>	<u>2,485,272</u>
10,079,834	6,071,123	23,056,901
-	(19,419,077)	(22,456,901)
<u>10,079,834</u>	<u>(13,347,954)</u>	<u>600,000</u>
-	6,985,496	3,085,272
-	-	22,836,799
-	6,985,496	25,922,071
<u>509</u>	<u>44,169,909</u>	<u>164,526,843</u>
<u>\$ 509</u>	<u>\$ 51,155,405</u>	<u>\$ 190,448,914</u>

CITY OF LANCASTER

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Net change in fund balances - total governmental funds \$ 25,922,071

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
the estimated useful lives as depreciation expense. This is the amount
by which depreciation exceeded capital expense in the current period.

Capital outlays	\$ 15,058,519	
Contributed capital assets	8,976,525	
Depreciation expense	<u>(38,867,250)</u>	(14,832,206)

The issuance of long term debt provides current financial resources to
governmental funds, while the repayment of the principal of long term-debt
consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position.

Principal payments	<u>528,151</u>	528,151
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Some expenses reported in the Statement of Activities do not require the
use of current financial resources and therefore are not reported as
expenditures in the governmental funds.

Change in compensated absences payable	(319,485)	
Change in claims payable	<u>(329,000)</u>	(648,485)

Accrued interest for long-term liabilities. This is the net change in accrued
interest for the current period.

10,668

Governmental funds report all contributions in relation to the annual required
contribution (ARC) for OPEB and pension as expenditures, however in
the statement of activities only the ARC is reported as an expense

Change in net OPEB obligation	(3,120,440)	
Change in net pension asset	<u>(167,611)</u>	(3,288,051)

Revenues are deferred in the governmental funds when they are not received
soon after year-end to be considered to be available. The availability criteria
does not apply to the Statement of Net Position and therefore, the revenue
is recognized.

11,956,204

Change in net position of governmental activities \$ 19,648,352

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 26,551,539	\$ 26,551,539	\$ 26,551,539	\$ -
Resources (Inflows):				
Taxes	38,667,100	38,667,100	38,941,534	274,434
Licenses and permits	1,131,875	1,131,875	1,300,032	168,157
Intergovernmental	1,097,000	1,097,000	1,328,264	231,264
Charges for services	3,119,580	3,189,580	3,452,960	263,380
Use of money and property	812,950	902,950	715,013	(187,937)
Fines and forfeitures	851,280	851,280	735,551	(115,729)
Miscellaneous	623,700	623,700	548,765	(74,935)
Transfers in	6,885,210	6,885,210	6,905,944	20,734
Special items	-	-	18,269,439	18,269,439
Amounts Available for Appropriations	<u>79,740,234</u>	<u>79,900,234</u>	<u>98,749,041</u>	<u>18,848,807</u>
Charges to Appropriations (Outflows):				
General government	11,783,984	12,451,094	11,760,368	690,726
Public safety	25,019,939	24,542,606	24,095,351	447,255
Community development	3,250,550	2,816,291	2,720,694	95,597
Parks and recreation	11,708,873	12,399,962	12,324,636	75,326
Public works	3,835,364	3,414,960	3,368,701	46,259
Capital outlay	159,678	398,678	384,904	13,774
Debt service:				
Principal retirement	-	-	180,151	(180,151)
Interest and fiscal charges	-	-	103,868	(103,868)
Transfers out	<u>1,571,926</u>	<u>1,551,870</u>	<u>2,166,454</u>	<u>(614,584)</u>
Total Charges to Appropriations	<u>57,330,314</u>	<u>57,575,461</u>	<u>57,105,127</u>	<u>470,334</u>
Budgetary Fund Balance, June 30	<u>\$ 22,409,920</u>	<u>\$ 22,324,773</u>	<u>\$ 41,643,914</u>	<u>\$ 19,319,141</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
HOME PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 973,500	\$ 973,500	\$ 973,500	\$ -
Resources (Inflows):				
Intergovernmental	-	48,000	65,122	17,122
Use of money and property	-	-	5,007	5,007
Amounts Available for Appropriations	<u>973,500</u>	<u>1,021,500</u>	<u>1,043,629</u>	<u>22,129</u>
Charges to Appropriations (Outflows):				
General government	<u>41,133</u>	<u>35,500</u>	<u>4,396</u>	<u>31,104</u>
Total Charges to Appropriations	<u>41,133</u>	<u>35,500</u>	<u>4,396</u>	<u>31,104</u>
Budgetary Fund Balance, June 30	<u>\$ 932,367</u>	<u>\$ 986,000</u>	<u>\$ 1,039,233</u>	<u>\$ 53,233</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

BUDGETARY COMPARISON STATEMENT
LANCASTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as Restated	\$ 92,831,386	\$ 92,831,386	\$ 92,831,386	\$ -
Resources (Inflows):				
Use of money and property	3,044,500	5,044,500	4,618,318	(426,182)
Miscellaneous	-	84,100	261,856	177,756
Special Items	-	-	4,567,360	4,567,360
Amounts Available for Appropriations	<u>95,875,886</u>	<u>97,959,986</u>	<u>102,278,920</u>	<u>4,318,934</u>
Charges to Appropriations (Outflows):				
Housing	1,970,510	2,319,210	4,797,697	(2,478,487)
Transfers out	<u>871,370</u>	<u>871,370</u>	<u>871,370</u>	<u>-</u>
Total Charges to Appropriations	<u>2,841,880</u>	<u>3,190,580</u>	<u>5,669,067</u>	<u>(2,478,487)</u>
Budgetary Fund Balance, June 30	<u>\$ 93,034,006</u>	<u>\$ 94,769,406</u>	<u>\$ 96,609,853</u>	<u>\$ 1,840,447</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER
STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2014

	Business-Type Activity - Enterprise Fund <hr/> Lancaster Power Authority
ASSETS:	
CURRENT ASSETS:	
Receivables:	
Accounts	\$ 504,040
Restricted assets:	
Cash and investments	2,243,473
TOTAL CURRENT ASSETS	<hr/> 2,747,513
NONCURRENT ASSETS:	
Capital assets:	
Depreciable	21,138,097
TOTAL ASSETS	<hr/> 23,885,610
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	22,013
Accrued liabilities	681
Interest payable	164,749
Unearned revenues	71,225
Due to other funds	19,786
Current portion of long-term liabilities	1,045,000
TOTAL CURRENT LIABILITIES	<hr/> 1,323,454
LONG-TERM LIABILITIES:	
Noncurrent portion of long-term liabilities	24,314,464
TOTAL LIABILITIES	<hr/> 25,637,918
NET POSITION:	
Net investment in capital assets	(4,221,367)
Unrestricted	2,469,059
TOTAL NET POSITION	<hr/> <hr/> \$ (1,752,308)

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND

For the year ended June 30, 2014

	Business-Type Activity - Enterprise Fund <u>Lancaster Power Authority</u>
OPERATING REVENUES:	
Sales and service charges	\$ 3,402,736
TOTAL OPERATING REVENUES	<u>3,402,736</u>
OPERATING EXPENSES:	
Administration and general	1,257,056
Depreciation expense	<u>939,471</u>
TOTAL OPERATING EXPENSES	<u>2,196,527</u>
OPERATING INCOME	<u>1,206,209</u>
NONOPERATING REVENUES (EXPENSES):	
Interest revenue	9,533
Other nonoperating income	47,833
Interest expense	<u>(1,018,614)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(961,248)</u>
INCOME BEFORE TRANSFERS	244,961
TRANSFERS OUT	<u>(600,000)</u>
CHANGE IN NET POSITION	(355,039)
NET POSITION - BEGINNING OF YEAR	<u>(1,397,269)</u>
NET POSITION - END OF YEAR	<u><u>\$ (1,752,308)</u></u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND

For the year ended June 30, 2014

	Business-Type Activity - Enterprise Fund <u>Lancaster Power Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and users	\$ 3,190,432
Cash paid to suppliers for goods and services	<u>(1,367,140)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,823,292</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash transfers out	(600,000)
Cash paid to other funds	<u>19,786</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(580,214)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Interest paid on capital debt	<u>(1,998,493)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,998,493)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>9,533</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>9,533</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(745,882)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,989,355</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,243,473</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,206,209
Other income	47,833
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	939,471
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(255,901)
(Increase) decrease in prepaid costs	412
Increase (decrease) in accounts payable	(90,842)
Increase (decrease) in accrued liabilities	(19,654)
Increase (decrease) in unearned revenues	<u>(4,236)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,823,292</u>

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2014

	Private-Purpose Trust Fund <u>Successor</u> Agency of the Former RDA	<u>Agency Funds</u>
ASSETS:		
Pooled cash and investments	\$ 11,943,850	\$ 5,337,591
Receivable:		
Accounts	272,252	6,797
Taxes	-	84,296
Notes and loans	5,736,770	-
Less allowance for loan forgiveness	(3,544,574)	-
Accrued interest	-	7,017
Land held for resale	12,306,662	-
Restricted assets:		
Cash and investments with fiscal agents	<u>22,401,340</u>	<u>3,487,054</u>
 TOTAL ASSETS	 <u>49,116,300</u>	 <u>\$ 8,922,755</u>
 DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charges on bond refunding	<u>5,149,220</u>	
 LIABILITIES:		
Accounts payable	35,434	\$ 98,493
Accrued liabilities	655	-
Interest payable	4,639,743	-
Deposits payable	15,099	702,994
Due to other governments	388	-
Due to bondholders	-	8,121,268
Advances from City of Lancaster	32,328,612	-
Advances from Lancaster Housing Authority	31,844,170	-
Long-term liabilities:		
Due in one year	9,805,000	-
Due in more than one year	228,713,321	-
TOTAL LIABILITIES	<u>307,382,422</u>	<u>\$ 8,922,755</u>
 NET POSITION:		
Held in trust for other purposes	<u>\$ (253,116,902)</u>	

See independent auditors' report and notes to financial statements.

CITY OF LANCASTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the year ended June 30, 2014

	Private-Purpose Trust Fund Successor Agency of the Former RDA
ADDITIONS:	
Taxes	\$ 19,500,422
Intergovernmental - Lancaster Financing Authority	483,028
Intergovernmental - Lancaster Housing Authority	2,143,681
Intergovernmental - Other	3,751,622
Interest and change in fair value of investments	511,380
Miscellaneous	580,946
	<hr/>
TOTAL ADDITIONS	26,971,079
	<hr/>
DEDUCTIONS:	
Administrative expenses	513,117
Bad debt expense	453,054
Developer disposition agreements	1,014,529
Interest expense	13,754,603
Payment to Lancaster Financing Authority	2,368,751
	<hr/>
TOTAL DEDUCTIONS	18,104,054
	<hr/>
CHANGE IN NET POSITION, BEFORE SPECIAL ITEMS	8,867,025
	<hr/>
SPECIAL ITEMS:	
Contribution of land to City of Lancaster	(3,806,539)
Reinstatement of pre-dissolution loans from City of Lancaster	(37,662,891)
	<hr/>
CHANGE IN NET POSITION	(32,602,405)
	<hr/>
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(220,514,497)
	<hr/>
NET POSITION - END OF YEAR	\$ (253,116,902)
	<hr/> <hr/>

See independent auditors' report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of Lancaster, California (City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Description of the Reporting Entity:

The City of Lancaster (the City) was incorporated on November 22, 1977, under the laws of the State of California. The City is a charter city administered under a council/manager form of government. The accompanying financial statements present the City of Lancaster and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Because each component unit has the same governing board as the City, and the management of the primary government has operational responsibility for each of the component units, included within the financial reporting entity of the City of Lancaster are the Lancaster Housing Authority, the Lancaster Community Services Foundation, the Lancaster Public Financing Authority and the Lancaster Power Authority.

A brief description of each component unit follows:

The Housing Authority (the Authority) was formed for the purpose of providing affordable, decent housing for lower income residents of the City of Lancaster. The Authority assumed responsibilities for the prior low/moderate Housing Fund. Separate financial statements are not available for the Authority.

The Lancaster Community Services Foundation (the Foundation) was formed to provide certain community services to the residents of the City. Separate financial statements are not available for the Foundation.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Description of the Reporting Entity (Continued):

The Lancaster Public Financing Authority (the Financing Authority) was formed for the purpose to provide, through the issuance of debt, financing necessary for various capital improvements. Separate financial statements are not available for the Financing Authority.

The Lancaster Power Authority (the Power Authority) was formed to own and operate a municipal gas and electric utility, for the benefit of the residents of the City, and customers, businesses and property owners in the City. Separate financial statements are not available for the Power Authority.

b. Basis of Accounting and Measurement Focus:

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Interfund services provided and used are not eliminated in the process of consolidation.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Government-wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transaction are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and other governmental funds in the aggregate for governmental funds. Fiduciary statements, even though excluded from the government-wide financial statements, represents private purpose trust funds and agency funds.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. Significant revenues subject to the criteria include taxes, licenses and permits, and intergovernmental revenues. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets deferred outflows of resources current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources”, since they do not represent net current assets.

See independent auditors’ report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Governmental Funds (Continued)

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer revenue that does not meet the “available” criteria of revenue recognition. Therefore recognition of governmental fund type revenue represented by non-current receivables are reported as deferred inflows of resources until they meet the “availability” criteria.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available where cash is received by the government. The availability period for these revenues is 60 days.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Proprietary and Fiduciary Funds

The City’s enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Proprietary and Fiduciary Funds (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

The City's Fiduciary private purpose trust fund is accounted for using the economic resources measurement focus and accrual basis of accounting. The private purpose trust fund accounts for the assets held by the City as the Successor Agency of the Former Redevelopment Agency (Former RDA). The City's Fiduciary agency funds have no measurement focus but utilize the accrual basis for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements.

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all unrestricted resources, except those required to be accounted for in another fund.

HOME Program Special Revenue Fund - This fund accounts for the grant program administered by the State of California Department of Housing and Community Development and implemented by the City to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Lancaster Housing Authority Special Revenue Fund - This fund is used to account for the purpose of providing affordable, decent housing for lower income residents of the City. Also, to account for the housing assets and functions previously performed by the former redevelopment agency.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Major Governmental Funds (Continued):

Capital Projects Fund - This fund is used to account for the capital improvement projects of the City.

The City reports the following major proprietary fund:

Lancaster Power Authority - This fund is used to account for the ownership and operation of a municipal gas and electric utility, for the benefit of the residents of the City, and customers, businesses and property owners in the City.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Debt Service Fund - is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by the proprietary fund.

Fiduciary Fund Types

Private Purpose Trust Fund - This fund is used to account for the assets and liabilities of the former redevelopment agency. The City, in its capacity as the Successor Agency, receives revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Agency Funds - These funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. They are accounted for on the accrual basis.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Fiduciary Fund Types (Continued)

The City reports the following Agency Funds:

- Assessment Districts - to account for the City, acting in the capacity as an agent, for various 1915 Act Assessment District Bonds.
- Community Facilities Districts - to account for collection of special assessments within the Mello-Roos District to provide public waterworks improvements and basic infrastructure within the Districts.
- Agency - to account for various performance and construction deposits.

d. New Accounting Pronouncements:

Current Year Standards

GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, required to be implemented in the current fiscal year did not impact the City.

GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, required to be implemented in the current fiscal year did not impact the City.

Pending Accounting Standards

GASB has issued the following statements which may impact the City’s financial reporting requirements in the future:

- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 71 - *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*, effective for the periods beginning after June 15, 2014.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City pools idle cash from all funds for the purpose of increasing income through investment activities.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

f. Receivables and Payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Inventories and Prepaid Items:

Inventories of materials and supplies are carried at cost on a moving average basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

h. Restricted Assets:

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been assigned for future capital improvements by City resolution.

i. Capital Assets:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Building and structures	40 years
Machinery and equipment	7-10 years
Public domain infrastructure	50 years

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. It is the deferred charges on bond refunding reported in the fiduciary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from three sources: investment, income taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

k. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

l. Land Held for Resale:

The former Lancaster Redevelopment Agency acquired parcels of land as part of its primary purpose to develop or redevelop blighted properties and creating affordable housing. The City records these parcels as land held for resale in its financial records.

The Lancaster Housing Authority acquired property via the Neighborhood Stabilization Program to reduce blight and provide affordable housing to our citizens. These parcels are shown in the Lancaster Housing Authority Special Revenue Fund and the Housing and Community Development Special Revenue Fund.

All property is recorded at lower of cost or fair market value.

m. Compensated Absences:

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Vacation accruals are based on years of service, with the maximum balance of unused accruals set at 362 hours after 10 years of service.

Sick leave is payable when an employee is unable to work because of illness. Accrued sick leave may be accumulated without limit. Employees resigning in good standing from City service shall receive up to a maximum of 50% of unused sick leave, depending on years of service.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability is generally liquidated by the General Fund.

n. Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

o. Fund Balance Classification:

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts. It also includes the long-term portion of notes and loan’s receivable with no constraints on how the eventual proceeds can be spent.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Assigned include amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and/or Finance Director is authorized to assign amounts to a specific purpose, which was established by the governing body in Resolution 10-11.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

See independent auditors’ report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

p. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager or designee. Expenditures may not exceed appropriations at the function level. At fiscal year end, all unencumbered operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for all governmental funds, except for the Capital Projects Fund which is budgeted on a project basis, are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

Excess of Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2014.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
Debt service -principal retirements	\$ -	\$ 180,151	\$ (180,151)
Debt service - interest and fiscal charges	-	103,868	(103,868)
Lancaster Housing Authority			
Special Revenue Fund:			
Housing	1,970,510	4,797,697	(2,827,187)
Other Governmental Special Revenue Funds:			
Gas Tax:			
General government	220	225	(5)
Landscape Maintenance District:			
General government	-	15	(15)
Public works	1,375,528	1,409,064	(33,536)
Housing and Community Development:			
Debt service - principal retirement	333,000	348,000	(15,000)
Federal Grants Special Revenue:			
Community development	-	192,418	(192,418)
Public works	-	3,675	(3,675)
Other Governmental Debt Service Fund:			
Lancaster Financing Authority:			
General government	-	483,866	(483,866)

Deficit Fund Balances

The following funds contained deficit fund balances as of June 30, 2014:

	<u>Deficit Amount</u>
Other Governmental Special Revenue Funds:	
State Grants	\$ 1,524,545
County and Other	233,234
Recycle Water	272,460
Miscellaneous Grants	349,420
Engineering Fees	85,300
LA County Reimbursement	169,942
HPRP	2,522

These fund balance deficits will be eliminated as grant reimbursements become available or transfers are made.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

3. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held by the City at June 30, 2014 are reported in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 78,414,850
Restricted:	
Cash and investments	2,296,497
Statement of Net Position - Fiduciary Funds:	
Pooled cash and investments	17,281,441
Restricted:	
Cash and investments with fiscal agents	<u>25,888,394</u>
Total cash and investments	<u>\$ 123,881,182</u>

The City of Lancaster maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as pooled cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2014, the carrying amount of the City's deposits was \$5,312,173 and the bank balance was \$4,603,407. The \$708,766 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also follows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

3. CASH AND INVESTMENTS (CONTINUED):

Deposits (Continued)

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- United States Treasury Securities
- United States Government Sponsored Agency Securities
- Certificates of Deposit
- Medium-Term Notes
- Prime Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Local Agency Investment Fund (State Pool)
- Money Market Mutual Funds

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

3. CASH AND INVESTMENTS (CONTINUED):

Credit Risk

The City's investment policy limits investments in medium term notes (MTNs) to those rated AA- or better by a nationally recognized statistical rating organization. At June 30, 2014, the City invested in various MTNs which were rated AA- or better by Standard & Poors (S&P). At June 30, 2014 the City's investments with federal agency securities were rated AA+ and money market mutual funds were rated AAA by S&P. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed.

As of June 30, 2014, the City's investment in LAIF is unrated. The City has amounts invested in investment agreements held with fiscal agents and invested under the direction of the City which are unrated.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. As of June 30, 2014, none of the City's deposits or investments were exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. These limitations are 25% of the City's invested funds for non-negotiable certificates of deposit, 15% of the City's invested funds for banker acceptances with no more than 2% in anyone issuer, 25% of the City's invested funds for commercial paper with no more than 5% in anyone issuer, 20% of the City's invested funds for medium term notes with no more than 5% in anyone issuer, and 20% of the City's invested funds for money market funds with no more than 10% in anyone issuer. In accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in anyone issuer then it is exposed to credit risk.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

3. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk (Continued)

As of June 30, 2014, the City's investment in the following issuers exceeded 5%:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	\$ 6,958,536
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$ 8,829,114

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that investments in United States Treasury Securities and securities for which the full faith and credit of the United States is pledged should have a maturity no longer than five years. Reserve funds relating to the bonds issues may be invested in securities for more than five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2014, the City had the following investments and original maturities:

Investment Type	Remaining Maturity (in Years)				Total
	1 year or Less	1 Year to 3 Years	3 Years to 5 Years	5 Years and More	
United States Treasury Securities	\$ -	\$ 2,018,868	\$ 2,642,953	\$ -	\$ 4,661,821
United States Government Sponsored Agency Securities	-	8,260,307	12,266,893	-	20,527,200
Medium-Term Corporate Notes	-	5,650,550	-	-	5,650,550
Commercial Paper	1,133,481	-	-	-	1,133,481
Certificates of Deposit	650,000	-	-	-	650,000
California Local Agency Investment Fund (LAIF)	57,645,253	-	-	-	57,645,253
Money Market Mutual Funds	168,839	-	-	-	168,839
Held by Fiscal Agent:					
Money Market Mutual Funds	15,479,117	-	-	-	15,479,117
Certificates of Deposit	240,653	-	-	-	240,653
Investment Agreements	-	3,635,663	699,600	8,076,926	12,412,189
	<u>\$ 75,317,343</u>	<u>\$ 19,565,388</u>	<u>\$ 15,609,446</u>	<u>\$ 8,076,926</u>	<u>\$ 118,569,103</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2014 was as follows:

Governmental Activities

	Balance at July 1, 2013 (As Restated) (See Note 16)	Construction In Progress Transfers	Additions	Deletions	Balance at Balance at June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 17,878,053	\$ -	\$ 4,378,539	\$ -	\$ 22,256,592
Construction in progress	<u>36,753,870</u>	<u>(12,874,042)</u>	<u>6,211,929</u>	<u>(203,463)</u>	<u>29,888,294</u>
Total capital assets, not being depreciated	<u>54,631,923</u>	<u>(12,874,042)</u>	<u>10,590,468</u>	<u>(203,463)</u>	<u>52,144,886</u>
Capital assets, being depreciated:					
Structures and improvements	65,962,704	174,290	997,652	(358,134)	66,776,512
Furniture and equipment	13,136,542	-	625,423	(83,283)	13,678,682
Infrastructure	<u>1,555,703,851</u>	<u>12,699,752</u>	<u>12,204,031</u>	<u>-</u>	<u>1,580,607,634</u>
Total capital assets, being depreciated	<u>1,634,803,097</u>	<u>12,874,042</u>	<u>13,827,106</u>	<u>(441,417)</u>	<u>1,661,062,828</u>
Less accumulated depreciation for:					
Structures and improvements	(24,621,600)	-	(1,651,267)	179,067	(26,093,800)
Furniture and equipment	(8,403,339)	-	(927,905)	83,283	(9,247,961)
Infrastructure	<u>(715,464,802)</u>	<u>-</u>	<u>(36,288,078)</u>	<u>-</u>	<u>(751,752,880)</u>
Total accumulated depreciation	<u>(748,489,741)</u>	<u>-</u>	<u>(38,867,250)</u>	<u>262,350</u>	<u>(787,094,641)</u>
Total capital assets, being depreciated, net	<u>886,313,356</u>	<u>12,874,042</u>	<u>(25,040,144)</u>	<u>(179,067)</u>	<u>873,968,187</u>
Total governmental activities capital assets, net	<u>\$ 940,945,279</u>	<u>\$ -</u>	<u>\$ (14,449,676)</u>	<u>\$ (382,530)</u>	<u>\$ 926,113,073</u>

Depreciation expense was charged in the following functions in the Statement of Activities for the year ended June 30, 2014 as follows:

General government	\$ 605,751
Public safety	42,612
Public works	36,319,177
Community development	416,820
Parks and recreation	<u>1,482,890</u>
	<u>\$ 38,867,250</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

4. CAPITAL ASSETS (CONTINUED):

Capital asset activity for the year ended June 30, 2014 was as follows:

Business-type Activities

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, being depreciated:				
Intangible assets	\$ 23,486,774	\$ -	\$ -	\$ 23,486,774
Less accumulated depreciation for:				
Intangible assets	<u>(1,409,206)</u>	<u>(939,471)</u>	<u>-</u>	<u>(2,348,677)</u>
 Total business-type activities capital assets, net	 <u>\$ 22,077,568</u>	 <u>\$ (939,471)</u>	 <u>\$ -</u>	 <u>\$ 21,138,097</u>

The depreciation expense of \$939,471 was charged to the Lancaster Power Authority program for the year ended June 30, 2014.

5. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS:

Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 5,506,026
	Lancaster Power Authority	
	Enterprise Fund	<u>19,786</u>
		<u>\$ 5,525,812</u>

The due to General Fund of \$5,506,026 from the various other governmental funds and \$19,786 from Lancaster Power Authority Enterprise Fund were a result of temporary deficit cash balances in those funds.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

5. INTERFUND RECEIVABLE, PAYABLE AND TRANSFERS (CONTINUED):

Transfers

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Lancaster Housing Authority Special Revenue Fund	\$ 871,370
	Other Governmental Funds	5,434,574
	Lancaster Power Authority Enterprise Fund	600,000
Capital Projects	General Fund	1,375,640
	Other Governmental Funds	8,704,194
Other Governmental Funds	General Fund	790,814
	Other Governmental Funds	<u>5,280,309</u>
		<u>\$ 23,056,901</u>

The City uses the Capital Projects Fund to account for all of its capital projects. The funding sources for those projects were reported as transfers from various funds to the Capital Projects fund. The total of the Capital Projects transfers for the year were \$10,079,834.

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$ 5,371,390.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. LONG-TERM LIABILITIES:

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2014 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
City of Lancaster:								
Section 108 Notes:								
Series 2003-A	\$ 935,000	\$ -	\$ (69,000)	\$ 866,000	\$ 72,000		\$ 794,000	
Series 2004-A	1,038,000	-	(69,000)	969,000	71,000		898,000	
Series 2010-A	1,505,000	-	(210,000)	1,295,000	220,000		1,075,000	
Capital lease	1,441,438	-	(84,548)	1,356,890	88,266		1,268,624	
Loans	1,426,137	-	(95,603)	1,330,534	98,493		1,232,041	
Accrued employee benefits	2,806,104	2,048,473	(1,728,988)	3,125,589	1,728,988		1,396,601	
Claims and judgments								
(Note 12)	899,000	712,399	(383,399)	1,228,000	541,347		686,653	
Net OPEB obligation								
(Note 8)	<u>15,840,000</u>	<u>3,635,496</u>	<u>(515,056)</u>	<u>18,960,440</u>	-		<u>18,960,440</u>	
Total long-term liabilities								
Governmental activities	<u>\$ 25,890,679</u>	<u>\$ 6,396,368</u>	<u>\$ (3,155,594)</u>	<u>\$ 29,131,453</u>	<u>\$ 2,820,094</u>		<u>\$ 26,311,359</u>	

Business-type Activity

Changes in long-term liabilities for the business-type activity for the year ended June 30, 2014 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
2012A Solar Renewable								
Energy Revenue Bonds	\$ 26,895,000	\$ -	\$ (1,000,000)	\$ 25,895,000	\$ 1,045,000		\$ 24,850,000	
Unamortized bond discount	(558,990)	-	23,454	(535,536)	-		(535,536)	
Total long-term liabilities								
Business-type activities	<u>\$ 26,336,010</u>	<u>\$ -</u>	<u>\$ (976,546)</u>	<u>\$ 25,359,464</u>	<u>\$ 1,045,000</u>		<u>\$ 24,314,464</u>	

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Notes

A description of individual issues of notes (excluding defeased issues) outstanding as of June 30, 2014, follows:

Section 108 Notes

Series 2003-A

On August 7, 2003, the City issued \$1,450,000 of U.S. Government Guaranteed Notes, Series 2003-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes from (a) future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and (b) program income. The notes mature from 2004-2023 and bear varying rates of interest. The principal balance outstanding as of June 30, 2014, was \$866,000.

Series 2004-A

On June 30, 2004, the City issued \$1,500,000 of U.S. Government Guaranteed Notes, Series 2004-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes from (a) future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and (b) program income. The notes mature from 2006-2024 and bear varying rates of interest. The principal balance outstanding as of June 30, 2014, was \$969,000.

Series 2010-A

On April 28, 1999, the City issued \$3,100,000 of U.S. Government Guaranteed Notes, Series 1999-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes from (a) future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and (b) program income. The notes were consolidated into the series 2010-A note. The consolidated notes mature from 2011 to 2018 and bear varying rates of interest. The principal balance outstanding as of June 30, 2014, was \$1,150,000.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Section 108 Notes (Continued)

Series 2010-A (Continued)

On June 14, 2000, the City issued \$320,000 of U.S. Government Guaranteed Notes, Series 2000-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes from (a) future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and (b) program income. The notes were consolidated into the series 2010-A note. The consolidated notes mature from 2011-2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2014, was \$145,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 363,000	\$ 130,291	\$ 493,291
2016	390,000	118,143	508,143
2017	410,000	104,066	514,066
2018	427,000	88,279	515,279
2019	429,000	65,462	494,462
2020 - 2024	1,005,000	178,932	1,183,932
2025	106,000	3,185	109,185
Totals	<u>\$ 3,130,000</u>	<u>\$ 688,358</u>	<u>\$ 3,818,358</u>

Capital Lease

On March 1, 2011, the City entered into an equipment lease/purchase agreement for various capital improvements including lighting upgrades, athletic field lighting upgrades, HVAC system replacement, plumbing fixture upgrades, irrigation weather stations, and solar hot water heating. This lease agreement qualifies as a capital lease for accounting purpose (title transfers at end of lease) and, therefore has been recorded at the present value of future minimum lease payments as of the date of inception. The total cost of the equipment acquired under the lease agreement was \$1,600,000. The financing was obtained from Municipal Finance Corporation on March 1, 2011, for \$1,600,000 with an interest rate of 4.35% per annum and annual payments of \$146,341 through the end of the lease (March 2026). The outstanding balance at June 30, 2014, is \$1,356,890.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued)

Capital Lease (Continued)

The calculation of present value of the future lease payments is as follows:

<u>Year Ending June 30,</u>		
2015	\$	146,341
2016		146,341
2017		146,341
2018		146,341
2019		146,341
2020 - 2024		731,705
2025 - 2026		<u>292,682</u>
Subtotal		1,756,092
Less: amount representing interest		<u>(399,202)</u>
Total	\$	<u>1,356,890</u>

Loans

In January 2011, the City entered into a loan agreement with the State of California Energy Resources Conservation and Development Commission for loan of \$1,469,146 to be used for energy savings projects consisting of athletic field lighting upgrades, HVAC retrofit, weather station installation, and solar hot water. The loan is at an interest rate of 3%. Principal, together with interest thereon, is due and payable in semiannual installments beginning on December 22, 2012 through December 22, 2025. The outstanding balance at June 30, 2014, is \$1,330,534.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 98,493	\$ 39,185	\$ 137,678
2016	101,373	36,305	137,678
2017	104,534	33,144	137,678
2018	107,693	29,985	137,678
2019	110,948	26,730	137,678
2020 - 2024	607,025	81,367	688,392
2025 - 2026	<u>200,468</u>	<u>6,050</u>	<u>206,518</u>
Totals	<u>\$ 1,330,534</u>	<u>\$ 252,766</u>	<u>\$ 1,583,300</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity

2012A Solar Renewable Energy Revenue Bonds

On May 17, 2012, the Lancaster Power Authority issued \$26,895,000 of 2012A Solar Renewable Energy Revenue Bonds. These bonds were used to finance the prepayment for specified supply of electricity from a 7,319.98 DC kW capacity system. Interest on these bonds is due semi-annually on May 1 and November 1 of each year commencing November 1, 2012. Interest rates vary from 2.000% to 4.375%. The principal portion of these bonds is payable from November 1, 2013 to November 1, 2036. The outstanding balance at June 30, 2013, is \$25,895,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,045,000	\$ 972,819	\$ 2,017,819
2016	1,105,000	951,619	2,056,619
2017	1,140,000	928,994	2,068,994
2018	410,000	905,744	1,315,744
2019	460,000	892,694	1,352,694
2020 - 2024	3,150,000	4,203,094	7,353,094
2025 - 2029	4,995,000	3,441,334	8,436,334
2030 - 2034	7,515,000	2,170,903	9,685,903
2035 - 2037	<u>6,075,000</u>	<u>411,519</u>	<u>6,486,579</u>
Totals	<u>\$ 25,895,000</u>	<u>\$ 14,878,780</u>	<u>\$ 40,773,780</u>

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN):

Plan Description

The City of Lancaster contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

Funding Policy

CalPERS membership is categorized as “Classic” or “New”. Employees hired prior to January 1, 2013 or those hired after January 1, 2013 with “Classic” CalPERS status from a previous employer are categorized as “Classic” members. All other employees hired on or after January 1, 2013 are categorized as “New” members.

Classic members hired prior to January 1, 2013:

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf. Employees share the cost of the employer rate by contributing 2.5% (for the period July 1, 2013 to December 31, 2013) and 3.5% (for the period January 1, 2014 to June 30, 2014) of their annual covered salary. The City is required to contribute an actuarially determined rate; the current rate is 18.672% of annual covered payroll for miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Classic members hired on or after January 1, 2013:

Participants are required to contribute 8% of their annual covered salary. Participants pay the employee portion and the City pays the employer portion of the CalPERS contribution. The City is required to contribute an actuarially determined rate; the current rate is 18.672% of annual covered payroll for miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

New members hired on or after January 1, 2013:

Participants are required to contribute 6.25% of their annual covered salary. Participants pay the employee portion and the City pays the employer portion of the CalPERS contribution. The City is required to contribute an actuarially determined rate; the current rate is 18.672% of annual covered payroll for miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

See independent auditors’ report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

Annual Pension Cost and Net Pension Asset

The City of Lancaster annual pension cost and change in net pension asset for fiscal year ended June 30, 2014, were as follows:

Annual required contribution	\$ 5,001,531
Interest on net pension asset	(282,230)
Adjustment to annual required contribution	<u>449,841</u>
Annual pension cost	5,169,142
Contributions made	<u>(5,001,531)</u>
Decrease in net pension asset	167,611
Net pension asset - beginning of year	<u>(3,763,064)</u>
Net pension asset - end of year	<u><u>\$ (3,595,453)</u></u>

Three-Year Trend Information for PERS

The required contributions were determined as part of the June 30, 2012, actuarial valuation using the entry age normal actuarial cost method.

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation (Asset)
6/30/12	\$ 3,388,184	96%	\$ (3,909,887)
6/30/13	4,167,713	96%	(3,763,064)
6/30/14	5,169,142	96%	(3,595,453)

Funded Status and Funding Progress

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2011	\$ 76,449,622	\$ 98,568,012	\$ 22,118,390	77.6 %	\$ 19,662,333	112.5 %
6/30/2012	81,445,409	104,536,742	23,091,333	77.9 %	18,560,272	124.4 %
6/30/2013	78,516,820	114,027,036	35,510,216	68.9 %	18,749,842	189.4 %

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

Principle Assumptions and Methods Used

A summary of principle assumptions and methods used to determine the APC is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	26 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

8. OTHER POST-EMPLOYMENT BENEFITS PLAN:

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan by contributing a portion of premiums charged under the health benefit plan for all eligible employees. These medical, dental, vision and long-term care benefits are provided per contract between the City and the employee associations. A separate financial report is not available for the plan.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED):

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or employee associations. Currently, contributions are not required from plan members. A contribution of \$515,056 was made during the 2013-2014 fiscal year. The purpose of the contribution was to pay current year premiums for retirees. As a result, the City calculated and recorded a Net OPEB Liability, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented below:

Annual required contribution (ARC)	\$ 3,883,000
Interest on net OPEB obligation	724,715
Adjustment to ARC	<u>(972,219)</u>
Annual OPEB cost	3,635,496
Contributions made	<u>(515,056)</u>
Increase in net OPEB obligation	3,120,440
Net OPEB Obligation - beginning of year	<u>15,840,000</u>
Net OPEB Obligation - end of year	<u>\$ 18,960,440</u>

The contribution rate is based on the ARC of \$3,883,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation

For the fiscal year 2013-2014, the City's annual OPEB cost (expense) was \$3,635,496. The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended June 30, 2014, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	\$ 5,458,501	\$ 579,814	10.62 %	\$ 13,328,600
06/30/13	3,249,000	472,819	14.55 %	15,840,000
06/30/14	3,635,496	515,056	14.17 %	18,960,440

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. OTHER POST-EMPLOYMENT BENEFITS PLAN (CONTINUED):

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ -	\$ 32,340,000	\$ 32,340,000	0.0%	\$ 18,385,000	175.90 %
6/30/2011	-	28,794,000	28,794,000	0.0 %	18,429,000	156.24 %
6/30/2013	-	36,371,000	36,371,000	0.0 %	17,391,000	209.14 %

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 4.00% investment rate of return, which is a blended rate of the expected long-term investment return on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The annual healthcare cost trend rate is 8.5% for non-medicare participants and 8.9% for medicare participants beginning in 2014, and reduced by decrements to an ultimate rate of 5.0% after seven years. The trend rates for dental, vision and long-term care benefits is 3.0%. A general inflation rate was assumed to increase at a rate of 3% per annum. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period of the initial unfunded actuarial accrued liability at June 30, 2013, was 25 years. The number of active participants is 248.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

9. STADIUM OPERATING LEASE:

The City of Lancaster leases the Lancaster Municipal Stadium to Hawks Nest for the Jethawks, a California "A" League professional baseball team. This facility is leased from March 1 through September 1 at which time the operation returns to the City for City recreational functions.

10. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE:

The City is a member of the Antelope Valley Transit Authority, a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

Description of Debt

On October 1, 1991, the California Special Districts Association Finance Corporation, on behalf of the Los Angeles County Transportation Commission, issued Certificate of Participation Notes in the amount of \$19,340,000. This issue was for the benefit of several different transit authorities. The Certificates of Participation were issued prior to the formation of the Antelope Valley Transit Authority. Los Angeles County participated in this issuance on behalf of the Authority to provide financing of \$7,690,000 for the purchase of transportation equipment.

Subsequent to the Certificate of Participation issue, the Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf.

As of June 30, 2014, (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 76,016,365</u>
Liabilities	\$ 5,235,885
Net Position	<u>70,780,480</u>
Total Liabilities and Net Position	<u>\$ 76,016,365</u>
Revenues	\$ 30,077,455
Expenses	<u>26,136,355</u>
Changes in Net Position	<u>\$ 3,941,100</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

10. ANTELOPE VALLEY TRANSIT AUTHORITY JOINT VENTURE (CONTINUED):

The Authority is funded, in part, by revenues allocated to the City and redirected to the Authority and, in part, by a shared formula based on the level of service provided to the jurisdiction. The City of Lancaster is the primary recipient of local services from the Authority. The City does not have a financial responsibility because the Authority do not depend on revenue from the City to continue existence.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California 93534.

11. RISK MANAGEMENT:

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City handled those risks with the purchase of commercial insurance. The City maintained liability insurance coverage up to a limit of \$10,000,000 with \$100,000 self-insurance retention for its general liabilities. Workers' compensation insurance is provided by Southern California Risk Management Associates, with statutory limit coverage. The City also maintained property coverage including earthquake and flood.

At June 30, 2014, \$1,228,000 has been accrued for general liability claims. This amount represents an estimate of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2014, is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

Changes in the claims liability amount in fiscal years 2013 and 2014 were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2012 - 2013	\$ 1,126,000	\$ (50,230)	\$ (176,770)	\$ 899,000
2013 - 2014	899,000	712,399	(383,399)	1,228,000

For worker's compensation insurance, the City has transferred all risk of loss with the purchase of commercial insurance policies and has not reported any estimated loss in the financial statements.

There were no significant reductions in insurance coverage from the previous year. In addition, insurance coverage exceeded the amount of settlements for each of the past three fiscal years.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

12. CONTINGENT LIABILITIES:

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

13. CONSTRUCTION COMMITMENTS:

The following material construction commitments existed at June 30, 2014:

Project Name:	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2014</u>	<u>Remaining Commitments</u>
Park Improvements	\$ 281,353	\$ 215,194	\$ 66,159
2012 Pavement Management Program	1,314,988	236,985	21,172
City-wide Bridge Rehabilitation	767,707	686,619	81,088
Ave I/Hwy 14 Intersection	22,508,549	10,944,224	2,200
Ave K/SR14 Interchange-MSR R	467,353	44,130	423,223
Ave K-8 Bike Facility Improvement	83,627	65,047	18,580
Downtown Gateway	2,300,216	197,852	2,102,364
Miller Elem Street and Sidewalk Improvement	695,716	598,964	96,752
Valley View Ped Improvement	1,146,451	1,000	655,684
25 th E. Roadway Alignment	415,689	-	415,689
Ave L & Challenger Roundabout	100,245	96,009	38
15 th St W/Lanc Blvd Roundabout	193,662	16,008	16,008
Traffic Signal, Ave I & 25 th St E	581,905	44,617	537,288
Recycled Water Conversions	978,782	837,268	16,455

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

14. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the Sponsoring Community of the Dissolved RDA, unless the Sponsoring Community elected not to serve as the Successor Agency. On January 10, 2012, the City elected to serve as the Successor Agency to the Lancaster Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards are to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. On January 24, 2012, the City’s Housing Authority elected to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Lancaster Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the “DOF”) and the California State Controller’s office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

14. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES
(CONTINUED):

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposits in the RPTTF fund are to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a Recognized Obligation Payment Schedule (the "ROPS") which is then approved by the Oversight Board, setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have Due Diligence Reviews of both the Low and Moderate Income Housing Fund and all other funds. These reviews were required to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. The Successor Agency remitted a total of \$118,244 to the CAC on March 12, 2013.

The DOF issued a Finding of Completion on August 7, 2013, in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the Due Diligence Reviews.

The State Controller of the State of California was directed to review the propriety of any transfers of assets between the Dissolved RDAs and other public bodies that occurred after January 1, 2011. If the public body that received such transfers was not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller was required to order the available assets be transferred to the public body designated as the successor agency.

On January 17, 2011, the Board of Directors of the Lancaster Redevelopment Agency approved a transfer of land amounting to \$14,482,945 to the City as a repayment of advances made by the City to the Lancaster Redevelopment Agency. The Department of Finance disallowed the transfer. The City transferred the land back to the Successor Agency during the year ended June 30, 2013.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

14. CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES
(CONTINUED):

The Finding of Completion allowed two subsequent actions by the Successor Agency:

- The Successor Agency was permitted to complete its Long Range Property Management Plan (LRPMP). The LRPMP specifies the disposition and use of the real properties of the former Lancaster Redevelopment Agency. Pursuant to Health and Safety Code (HSC) Section 34191.5, the Successor Agency submitted the LRPMP to DOF on August 14, 2013. On February 21, 2014, DOF completed its review of the LRPMP and approved the use or disposition of all properties listed on the LRPMP, subject to the provisions of OB Resolution 02-14 and OB Resolution 04-14.
 - As required by HSC Section 34191.4, the Successor Agency transferred all real property and interests in real property to the Community Redevelopment Property Trust Fund of the Successor Agency.
 - Pursuant to HSC Section 34181(a), the Successor Agency then transferred properties constructed and used for a governmental purpose to the City of Lancaster.
- The Successor Agency was allowed to recognize loan agreements between the former Lancaster Redevelopment Agency and the City on the ROPS, as enforceable obligations, provided the Oversight Board made a finding that the loans were for legitimate redevelopment purposes.
 - The Oversight Board adopted Resolution Nos. OB 23-13 through OB 46-13, which amended and restated the agreements between the City and the former RDA and made the finding that the loans were for legitimate redevelopment purposes and therefore, should be recognized as enforceable obligations.
 - DOF disallowed 9 of the 24 OB Resolutions. The Successor Agency is pursuing legal action regarding these loans.
 - Approval of the remaining 15 Resolutions enabled reinstatement of the majority of the loan obligations. The loans are reflected in these financial statements as liabilities due to the City (80%) and Lancaster Housing Authority (20%). When repayments begin, 20% of the repayments amounts are required to be allocated to the Low and Moderate Income Housing Asset Fund maintained by the Lancaster Housing Authority.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of Lancaster Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to Private-Purpose Trust Fund are as follows:

LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Balance			Balance			Due	Due in
	July 1, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
<u>Residential Project Area</u>								
2003 Development	\$ 5,358,088	\$ -	\$ (96,162)	\$ 5,261,926	\$ 170,074	\$	\$ 5,091,852	
2003B Development	1,257,285	-	(68,640)	1,188,645	31,065		1,157,580	
2004B Development	959,714	-	(21,305)	938,409	21,006		917,403	
2004 Sheriff's Facilities	1,676,367	-	(118,323)	1,558,044	123,518		1,434,526	
2004 Fire Facilities	868,957	-	(61,887)	807,070	64,438		742,632	
2004 Library	196,439	-	(8,160)	188,279	8,412		179,867	
2006 Development	<u>259,066</u>	<u>-</u>	<u>(8,274)</u>	<u>250,792</u>	<u>7,675</u>		<u>243,117</u>	
Total	<u>10,575,916</u>	<u>-</u>	<u>(382,751)</u>	<u>10,193,165</u>	<u>426,188</u>		<u>9,766,977</u>	
<u>Central Business District</u>								
<u>Project Area</u>								
1994 Refunding	965,000	-	(65,000)	900,000	70,000		830,000	
2004 Sheriff's Facilities	427,545	-	(30,237)	397,308	31,498		365,810	
2004 Fire Facilities	181,826	-	(12,948)	168,878	13,484		155,394	
2004 Library	38,047	-	(1,576)	36,471	1,629		34,842	
2010 Lease Revenue	<u>5,200,000</u>	<u>-</u>	<u>(125,000)</u>	<u>5,075,000</u>	<u>130,000</u>		<u>4,945,000</u>	
Total	<u>6,812,418</u>	<u>-</u>	<u>(234,761)</u>	<u>6,577,657</u>	<u>246,611</u>		<u>6,331,046</u>	
<u>Fox Field Project Area</u>								
2004 Sheriff's Facilities	285,967	-	(20,191)	265,776	21,070		244,706	
2004 Fire Facilities	175,698	-	(12,513)	163,185	13,029		150,156	
2004 Library	33,952	-	(1,423)	32,529	1,453		31,076	
2006 Development	<u>2,128,264</u>	<u>-</u>	<u>(71,344)</u>	<u>2,056,920</u>	<u>62,952</u>		<u>1,993,968</u>	
Total	<u>2,623,881</u>	<u>-</u>	<u>(105,471)</u>	<u>2,518,410</u>	<u>98,504</u>		<u>2,419,906</u>	

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
<u>Amargosa Project Area</u>								
1999 Refunding	\$ 2,335,000	\$ -	\$ (90,000)	\$ 2,245,000	\$ 250,000	\$	\$ 1,995,000	
2003 Development	4,444,300	-	(79,701)	4,364,599	141,070		4,223,529	
2003B Development	7,178,018	-	(391,836)	6,786,182	177,356		6,608,826	
2004B Development	2,177,681	-	(42,489)	2,135,192	47,795		2,087,397	
2004 Sheriff's Facilities	2,801,246	-	(197,726)	2,603,520	206,400		2,397,120	
2004 Fire Facilities	1,434,858	-	(102,180)	1,332,678	106,405		1,226,273	
2004 Library	329,121	-	(13,679)	315,442	14,093		301,349	
2006 Development	<u>4,315,720</u>	<u>-</u>	<u>(142,870)</u>	<u>4,172,850</u>	<u>127,710</u>		<u>4,045,140</u>	
Total	<u>25,015,944</u>	<u>-</u>	<u>(1,060,481)</u>	<u>23,955,463</u>	<u>1,070,829</u>		<u>22,884,634</u>	
<u>Project Area 5</u>								
2003 Development	14,255,917	-	(255,899)	14,000,018	452,502		13,547,516	
2003B Development	1,131,927	-	(62,146)	1,069,781	27,958		1,041,823	
2004B Development	3,477,516	-	(79,267)	3,398,249	76,066		3,322,183	
2004 School Refunding	1,872,598	-	(35,220)	1,837,378	36,639		1,800,739	
2004 Sheriff's Facilities	4,286,567	-	(302,639)	3,983,928	315,835		3,668,093	
2004 Fire Facilities	2,094,764	-	(149,195)	1,945,569	155,337		1,790,232	
2004 Library	514,259	-	(21,382)	492,877	22,021		470,856	
2006 Development	3,669,976	-	(120,946)	3,549,030	108,618		3,440,412	
2006 School	<u>4,441,498</u>	<u>-</u>	<u>(89,308)</u>	<u>4,352,190</u>	<u>91,418</u>		<u>4,260,772</u>	
Total	<u>35,745,022</u>	<u>-</u>	<u>(1,116,002)</u>	<u>34,629,020</u>	<u>1,286,394</u>		<u>33,342,626</u>	
<u>Project Area 6</u>								
2003 Development	12,171,695	-	(218,238)	11,953,457	386,354		11,567,103	
2003B Development	1,967,770	-	(107,378)	1,860,392	48,621		1,811,771	
2004B Development	3,210,089	-	(76,939)	3,133,150	70,133		3,063,017	
2004 School Refunding	5,027,402	-	(94,780)	4,932,622	98,361		4,834,261	
2004 Sheriff's Facilities	4,854,059	-	(342,647)	4,511,412	357,653		4,153,759	
2004 Fire Facilities	2,053,896	-	(146,276)	1,907,620	152,307		1,755,313	
2004 Library	2,742,983	-	(113,987)	2,628,996	117,458		2,511,538	
2006 Development	11,426,972	-	(381,564)	11,045,408	338,045		10,707,363	
2006 School	<u>7,948,502</u>	<u>-</u>	<u>(160,692)</u>	<u>7,787,810</u>	<u>163,582</u>		<u>7,624,228</u>	
Total	<u>51,403,368</u>	<u>-</u>	<u>(1,642,501)</u>	<u>49,760,867</u>	<u>1,732,514</u>		<u>48,028,353</u>	

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

	Balance			Balance			Due	Due in
	July 1, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
<u>Project Area 7</u>								
2004 Sheriff's Facilities	\$ 258,250	\$ -	\$ (18,238)	\$ 240,012	\$ 19,026	\$ -	\$ 220,986	
2004 Library	<u>115,201</u>	<u>-</u>	<u>(4,795)</u>	<u>110,406</u>	<u>4,934</u>	<u>-</u>	<u>105,472</u>	
Total	<u>373,451</u>	<u>-</u>	<u>(23,033)</u>	<u>350,418</u>	<u>23,960</u>	<u>-</u>	<u>326,458</u>	
<u>Combined Low and Moderate Housing</u>								
1997 Mobile Home	2,370,000	-	(100,000)	2,270,000	2,270,000	-	-	
2003 Housing	53,505,000	-	(1,145,000)	52,360,000	1,190,000	-	51,170,000	
2003B Housing	13,945,000	-	(415,000)	13,530,000	435,000	-	13,095,000	
2004 Housing	11,520,000	-	(265,000)	11,255,000	275,000	-	10,980,000	
2009 Housing	<u>36,145,000</u>	<u>-</u>	<u>(9,515,000)</u>	<u>26,630,000</u>	<u>750,000</u>	<u>-</u>	<u>25,880,000</u>	
Total	<u>117,485,000</u>	<u>-</u>	<u>(11,440,000)</u>	<u>106,045,000</u>	<u>4,920,000</u>	<u>-</u>	<u>101,125,000</u>	
Total Successor Agency	250,035,000	-	(16,005,000)	234,030,000	9,805,000	-	224,225,000	
Unamortized original issue (discount) or premium	<u>4,777,923</u>	<u>-</u>	<u>(289,602)</u>	<u>4,488,321</u>	<u>-</u>	<u>-</u>	<u>4,488,321</u>	
Net Long-Term Debt	<u>\$ 254,812,923</u>	<u>\$ -</u>	<u>\$ (16,294,602)</u>	<u>\$ 238,518,321</u>	<u>\$ 9,805,000</u>	<u>\$ -</u>	<u>\$ 228,713,321</u>	

Combined Tax Allocation Notes and Bonds

- On August 19, 2009, the Agency issued \$37,500,000 of Combined Redevelopment Project Areas (Housing Programs), Tax Allocation Bonds, issue of 2009. This financing was undertaken to (i) fund certain low and moderate income housing projects of the agency, (ii) fund capitalized interest on the bonds through September 1, 2010, (iii) fund a reserve account for the 2009 Bonds; and (iv) pay the costs of issuing the 2009 bonds. The principal portion of these bonds is payable from August 1, 2011 to 2039. Interest is payable semi-annually at rates of 4.0% to 6.875% per annum, on February 1 and August 1 of each year commencing on February 1, 2010.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

2. On December 7, 2006, the Agency issued \$25,660,000 of Tax Allocation Revenue Bonds, Issue of 2006. This financing was undertaken to refund \$5,845,000 in outstanding Agency bonds and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from February 1, 2008 to 2039. Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2007. Interest rates vary from 3.80% to 5.00%. The principal portion of these bonds has been allocated to the following project areas:

Residential Area	\$	305,000
Fox Field Area		2,505,000
Amargosa Area		5,080,000
Area Number 5		4,320,000
Area Number 6		13,450,000
Total		<u>\$ 25,660,000</u>

3. On November 8, 2006, the Agency issued \$13,655,000 of Tax Allocation Bonds (School District Projects), Series 2006. This financing was undertaken to finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account. The principal portion of these bonds is payable from February 1, 2008 to 2037. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2007. Interest rates vary from 4.00% to 5.00%. Project Area Number 5 received \$4,895,000 of the principal portion of these bonds with the remaining amount of \$8,760,000 being allocated to Project Area Number 6.
4. On December 15, 2004, the Agency issued \$10,200,000 of Combined Redevelopment Project Areas (Fire Protection Facilities Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2006 through December 1, 2023. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Fire Protection Facilities Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

5. On December 15, 2004, the Agency issued \$21,540,000 of Combined Redevelopment Project Areas (Sheriff's Facility Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2006 through December 1, 2019. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Sheriff's Facility Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.
6. On December 15, 2004, the Agency issued \$5,135,000 of Combined Redevelopment Project Areas (Library Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2006. Interest rates vary from 3.00% to 4.75%. Principal redemptions are payable starting December 1, 2006 through December 1, 2029. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Library Project) Tax Allocation Bonds, Issue of 1993, and Combined Redevelopment Project Areas (Library Project) Subordinated Tax Allocation Refunding Bonds, Issue of 1999, pay costs of issuing the Bonds, and fund a debt service reserve account.
7. On September 9, 2004, the Agency issued \$7,830,000 of Lancaster Financing Authority, Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts), Issue of 2004. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2006. Interest rates vary from 2.00% to 5.60%. Principal redemptions are payable starting February 1, 2006 through February 1, 2034. The proceeds of this bond issue were utilized to advance refund and defease all of the Agency's outstanding Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996, finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account.
8. On November 9, 2004, the Agency issued \$13,575,000 of Combined Redevelopment Project Areas (Housing Programs), Subordinate Tax Allocation Bonds, Issue of 2004 (Taxable). This financing was undertaken to provide funding for certain low and moderate income housing projects of the Agency, fund a reserve account for the Bonds and to pay the costs of issuance. The principal portion of these bonds is payable from August 1, 2006 to 2035. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2006.

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NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

9. On November 9, 2004, the Agency issued \$11,005,000 of Lancaster Financing Authority, Subordinate Tax Allocation Revenue Bonds (Lancaster Residential, Amargosa, Project No. 5 and Project No. 6 Redevelopment Projects), Issue of 2004B. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2006. Interest rates vary from 2.35% to 5.00%. Principal redemptions are payable starting February 1, 2008 through February 1, 2035. The proceeds of this bond issue were utilized to finance redevelopment activities of the Agency with respect to four of its Project Areas, fund capitalized interest through August 1, 2007, pay costs of issuing the Bonds, and fund a debt service reserve account.
10. On June 11, 2003, the Agency issued \$101,575,000 of Series 2003 Bonds (\$60,980,000 Combined Housing Financing and \$40,595,000 of Combined Economic Development Financing). This financing was undertaken to refund \$75,065,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034 on the Economic Development Financing (Combined Tax Allocation Bonds, Series 2003) and August 1, 2006 to 2033, on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1, of each year commencing on August 1, 2004.
11. On December 12, 2003, the Agency issued \$34,640,000 of Series 2003 B Bonds (\$18,080,000 Combined Housing Financing and \$16,560,000 of Subordinate Tax Allocation Revenue Bonds). This financing was undertaken to refund \$13,375,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034, on the Subordinate Tax Allocation Revenue Bonds and February 1, 2004 to 2034, on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2004.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Combined Tax Allocation Notes and Bonds (Continued)

11. (Continued):

The principal portion of these bonds has been allocated to the following project areas:

	Economic Development	Housing
Residential Area	\$ 1,805,000	\$ 3,372,853
Central Business District Area	-	175,098
Fox Field Area	-	173,720
Amargosa Area	10,305,000	4,687,320
Area Number 5	1,625,000	4,396,360
Area Number 6	2,825,000	4,704,068
Area Number 7	-	570,581
Total	<u>\$ 16,560,000</u>	<u>\$ 18,080,000</u>

On February 14, 2011, Standard and Poor’s rating service downgraded its underlying rating on the housing portion of these bonds to “BBB+” from “A” due to an insufficient amount of revenue coverage pledged for this debt.

12. On February 23, 1993, the Agency, City of Lancaster, Los Angeles County Public Library and the County of Los Angeles entered into a Memorandum of Understanding whereby the Agency will provide a contribution in the amount of \$1,500,000, and a loan to the Library in the approximate principal amount of \$5,870,000, for construction and development of the Library Project. The Agency contribution and loan amounts will be provided in addition to net proceeds from the Library Bonds and Subordinated Bonds for development and construction of the Library Project. The exact amount of the Agency loan will be determined by subtracting the amount of net bond proceeds, subordinated note proceeds and contributions proceeds from the total development and construction costs of the Library Project.

13. On February 1, 2000, the Agency took over the operation of the Desert Sands Mobile Home Park Project. In connection with this, the Agency is accomplishing the servicing of its previously issued Mobile Home Park Revenue Bonds (Desert Sands Mobile Home Park Project), Series 1997 A and B Bonds issued November 1, 1997. The bonds outstanding as of February 1, 2000, were \$3,280,000. The principal portion of these bonds is payable from May 1, 2000 to 2028. Interest is payable semi-annually on May 1 and November 1 of each year at rates of 4.0% to 7.5% per annum.

See independent auditors’ report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

Central Business District Project Area

1. On January 1, 1994, the Agency issued \$3,065,000 of Lancaster Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2023. Interest is payable semi-annually on February 1 and August 1 each year commencing August 1, 1994, at rates of 3.00% to 6.125% per annum. The proceeds of these bonds was utilized to defease \$1,055,000 of the Tax Allocation Refunding Bonds, Issue of 1986, and \$1,900,000 of Subordinated Tax Allocation Refunding Notes, Issue of 1988.
2. On April 22, 2010, the Agency issue \$5,555,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 2010. The purpose of these bonds was to (i) refund on a current basis the Lancaster Redevelopment Agency Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects) Issue of 1999, (ii) fund the Reserve Account, and (iii) pay costs of issuance of the Bonds. The principal portion of these bonds is payable from December 1, 2010 to December 1, 2035. Interest is payable semi-annually at rates of 2.0% to 5.9% per annum, commencing December 1, 2010. The Bonds are payable from Lease Payments to be made by the City of Lancaster to the Agency or its assignee. The property covered by the Lease consists of the Lancaster Performing Arts Center. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitutes an indebtedness of the City, the Agency, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise.

Amargosa Redevelopment Project

1. On March 18, 1999, the Agency issued \$4,380,000 of Lancaster Redevelopment Agency, Amargosa Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1999. The purpose of these bonds was to defease a portion of the \$7,005,000 Tax Allocation Refunding Bonds, Issue of 1991. The principal portion of these bonds is payable from February 1, 2000 to February 1, 2024. Interest is payable semi-annually at rates of 3.0% to 5.0% per annum, commencing August 1, 1999.

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CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED)

The annual requirements to amortize the outstanding bond indebtedness for the Lancaster Redevelopment Agency Bonds and Notes, as of June 30, 2014, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 7,640,000	\$ 12,427,743	\$ 20,067,743
2016	7,990,000	12,058,140	20,048,140
2017	8,375,000	11,661,540	20,036,540
2018	8,775,000	11,237,190	20,012,190
2019	9,225,000	10,793,983	20,018,983
2020 - 2024	52,280,000	46,599,669	98,879,669
2025 - 2029	50,850,000	33,837,148	84,687,148
2030 - 2034	58,395,000	19,967,679	78,362,679
2035 - 2039	<u>30,500,000</u>	<u>5,513,667</u>	<u>36,013,667</u>
Totals	<u>\$ 234,030,000</u>	<u>\$ 164,096,759</u>	<u>\$ 398,126,759</u>

On June 14, 2012, Moody's Investors Service ("Moody's") downgraded all California tax allocation bonds rated 'Baa3' and above. As such, the Bonds' insured rating was downgraded from 'A3' to 'Ba1' and underlying rating was downgraded from 'A3' to 'Ba1'. According to Moody's, all California tax allocation bond ratings remain on review for possible withdrawal.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

DUE TO THE CITY OF LANCASTER

1. SERAF Advance:

Advances were made in previous years in the amount of \$24,303,115 to assist in accomplishing payment to the Educational Revenue Augmentation Fund from the former redevelopment agency low and moderate income housing fund. The advances are now payable to the Lancaster Housing Authority as a result of the dissolution of redevelopment.

2. Administrative Loans:

The City has made several administrative loans to the Successor Agency. The loans bear interest at a rate equal to LAIF rates. Outstanding balances on these administrative loans at June 30, 2014 total \$2,164,393.

3. Reinstatement of Prior Advances:

The City made multiple loans to the former Lancaster Redevelopment Agency. During the 13/14 fiscal year, many of those loans were reinstated as enforceable obligations of the Successor Agency: The outstanding principal totals \$22,836,799; the interest at 6/30/14 totals \$14,868,475. The total reinstatement of prior advances due to the City from the Successor Agency is \$37,705,274.

PLEDGED REVENUE

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1 X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$383,388,377 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$23,252,044 and the debt service obligation on the bonds was \$28,317,894.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

DEFEASANCE OF DEBT

In prior years, the Agency defeased certain tax allocation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At June 30, 2014, the following bond issues are considered defeased:

	<u>Original Amount</u>
Combined Redevelopment Project Areas:	
Subordinated Tax Allocation Notes	\$ 7,000,000
Tax Allocation Refunding Notes, Issue of 1988	25,990,000
Housing Programs, Tax Allocation Bonds, Issue of 1993	32,000,000
Library Project, Issue of 1993	3,860,000
Sheriff's Facility Project, Issue of 1993	27,380,000
Fire Protection Facility Project, Issue of 1993	14,020,000
Library Project, Issue of 1999	1,780,000
Residential Project Area:	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Subordinated Tax Allocation Refunding Bonds, Issue of 1997	3,065,000
Central Business District Project Area:	
Tax Allocation Refund Bonds, Issue of 1986	1,800,000
Fox Project Area:	
Tax Allocation Refunding Bonds, Issue of 1984	3,050,000
Amargosa Redevelopment Project Area:	
Tax Allocation Notes	5,400,000
Tax Allocation Refunding Notes, Issue of 1989	9,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,000,000
Tax Allocation Refunding Bonds, Issue of 1991	9,000,000
Tax Allocation Refunding Bonds	6,190,000
Tax Allocation Refunding Bonds (amount defeased)	2,590,000
Lease Revenue Notes, Issue of 1995	7,475,000
Tax Allocation Refunding Bonds, Issue of 1996	12,700,000

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

DEFEASANCE OF DEBT (CONTINUED)

	<u>Original Amount</u>
Project Area Number 5:	
Tax Allocation Notes	\$ 6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
Tax Allocation Refunding Bonds, Issue of 1997	6,480,000
 Project Area Number 6:	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
School District Tax Allocation Refunding Bonds, Issue of 1996	<u>3,650,000</u>
 Total	<u>\$ 273,085,000</u>

NON-COMMITMENT DEBT

The Agency has issued \$94,710,000 of Residential Mortgage Revenue Bonds that have not been reflected in Long-Term Debt because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

INSURANCE

The Successor Agency is covered under the City's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 11.

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. RESTATEMENT OF NET POSITION/FUND BALANCES:

Beginning net position for the government-wide financial statements was restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2013	\$1,103,613,756
Decrease in net position to correct encumbrance balance	(29,036)
Decrease in net position to correct the recording of sale of property	(116,329)
Decrease in net position to correct previously recognized revenue related to long-term receivables	(15,234,461)
Decrease in net position to record adjustment to the value of land in conjunction with the preparation of the Successor Agency's Long Range Property Management Plan	<u>640,435</u>
Net position as restated July 1, 2013	<u>\$1,088,874,365</u>

Beginning fund balances for the governmental fund financial statements were restated as follows:

	<u>General Fund</u>	<u>Lancaster Housing Authority Special Revenue Fund</u>
Fund balances as previously reported as of June 30, 2013	\$ 26,580,575	\$ 92,947,715
Decrease in net position to correct encumbrance balance	(29,036)	-
Decrease in net position to correct error in recording sale of property	<u>-</u>	<u>(116,329)</u>
Fund balances as restated July 1, 2013	<u>\$ 26,551,539</u>	<u>\$ 92,831,386</u>

See independent auditors' report.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. RESTATEMENT OF NET POSITION/FUND BALANCES (CONTINUED):

Beginning net position for the fiduciary funds financial statement was restated as follows:

	<u>Private-Purpose Trust Fund</u>
Net position as previously reported as of June 30, 2013	\$(222,144,753)
Increase in net position to record adjustment to the value of land in conjunction with the preparation of the Successor Agency's Long Range Property Management Plan	<u>1,630,256</u>
Net position as restated July 1, 2013	<u><u>\$(220,514,497)</u></u>

17. SUBSEQUENT EVENTS:

Events occurring after June 30, 2014 have been evaluated for possible adjustments to the financial statements or disclosure as of December 22, 2014 which is the date these financial statements were available to be issued.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF LANCASTER
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
ASSETS:				
Pooled cash and investments	\$ 4,983,433	\$ 67,426	\$ 2,709,476	\$ 4,350,699
Receivables:				
Accounts	24,877	-	3,498	-
Taxes	2,368	-	15,548	-
Accrued interest	-	-	4,848	-
Due from other governments	-	1,000	-	5,175
Land held for resale	-	-	-	249,766
	-	-	-	249,766
TOTAL ASSETS	\$ 5,010,678	\$ 68,426	\$ 2,733,370	\$ 4,605,640
LIABILITIES:				
Accounts payable	\$ 146,553	\$ 32	\$ 170,808	\$ 14,709
Accrued liabilities	2,729	-	628	220
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	143,167
	-	-	-	143,167
TOTAL LIABILITIES	149,282	32	171,436	158,096
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	-
	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	68,394	-	4,447,544
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	4,861,396	-	2,561,934	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	4,861,396	68,394	2,561,934	4,447,544
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,010,678	\$ 68,426	\$ 2,733,370	\$ 4,605,640

See independent auditors' report.

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ -	\$ 3,048,077	\$ 134,019	\$ 7,147,810	\$ 394,331	\$ -	\$ 1,016,540
681,739	-	-	-	68,189	-	-
-	-	-	-	-	-	-
10,241	5,616	240	12,793	-	-	1,819
-	-	-	-	346,577	2,535,552	-
-	-	-	-	-	-	-
<u>\$ 691,980</u>	<u>\$ 3,053,693</u>	<u>\$ 134,259</u>	<u>\$ 7,160,603</u>	<u>\$ 809,097</u>	<u>\$ 2,535,552</u>	<u>\$ 1,018,359</u>
\$ 19,498	\$ 3,115	\$ -	\$ 2,032	\$ 2,351	\$ 7,596	\$ -
-	3	-	-	4	28	-
-	-	-	-	-	74,909	-
503,328	-	-	-	336,703	3,369,130	-
<u>522,826</u>	<u>3,118</u>	<u>-</u>	<u>2,032</u>	<u>339,058</u>	<u>3,451,663</u>	<u>-</u>
-	-	-	-	346,577	608,434	-
-	-	-	-	346,577	608,434	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,018,359
169,154	3,050,575	134,259	7,158,571	123,462	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(1,524,545)	-
<u>169,154</u>	<u>3,050,575</u>	<u>134,259</u>	<u>7,158,571</u>	<u>123,462</u>	<u>(1,524,545)</u>	<u>1,018,359</u>
<u>\$ 691,980</u>	<u>\$ 3,053,693</u>	<u>\$ 134,259</u>	<u>\$ 7,160,603</u>	<u>\$ 809,097</u>	<u>\$ 2,535,552</u>	<u>\$ 1,018,359</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2014

	Special Revenue Funds (Continued)			
	County and Other	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water
ASSETS:				
Pooled cash and investments	\$ 6,041	\$ 4,654,647	\$ 4,138,168	\$ -
Receivables:				
Accounts	-	98,058	234,028	1,150
Taxes	-	-	-	-
Accrued interest	-	8,331	7,406	-
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	<u>\$ 6,041</u>	<u>\$ 4,761,036</u>	<u>\$ 4,379,602</u>	<u>\$ 1,150</u>
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,364
Accrued liabilities	-	-	-	70
Unearned revenues	-	98,058	234,028	-
Due to other funds	239,275	-	-	246,176
TOTAL LIABILITIES	<u>239,275</u>	<u>98,058</u>	<u>234,028</u>	<u>253,610</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	-	-	-	20,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	4,662,978	4,145,574	-
Debt service	-	-	-	-
Unassigned	(233,234)	-	-	(272,460)
TOTAL FUND BALANCES (DEFICITS)	<u>(233,234)</u>	<u>4,662,978</u>	<u>4,145,574</u>	<u>(272,460)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 6,041</u>	<u>\$ 4,761,036</u>	<u>\$ 4,379,602</u>	<u>\$ 1,150</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Biological Impact Fees	Traffic Impact Fees	AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees
\$ 400,353	\$ 4,795,625	\$ 177,909	\$ 338,702	\$ 887,468	\$ 28,516	\$ 20,071	\$ -
1,979	210,494	-	18,953	1,999	-	-	33,867
-	-	-	71,342	29,543	-	-	-
717	8,591	318	261	1,588	23	755	-
-	-	-	-	-	-	31,149	-
-	-	-	-	-	-	-	-
<u>\$ 403,049</u>	<u>\$ 5,014,710</u>	<u>\$ 178,227</u>	<u>\$ 429,258</u>	<u>\$ 920,598</u>	<u>\$ 28,539</u>	<u>\$ 51,975</u>	<u>\$ 33,867</u>
\$ -	\$ 113,258	\$ -	\$ 303,920	\$ 17,717	\$ -	\$ -	\$ 520
-	-	-	1,280	1,092	-	-	1,712
-	210,494	-	-	-	-	-	-
-	-	-	-	-	377,959	-	116,935
-	323,752	-	305,200	18,809	377,959	-	119,167
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	51,975	-
-	-	-	-	-	-	-	-
403,049	4,690,958	178,227	124,058	901,789	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	(349,420)	-	(85,300)
<u>403,049</u>	<u>4,690,958</u>	<u>178,227</u>	<u>124,058</u>	<u>901,789</u>	<u>(349,420)</u>	<u>51,975</u>	<u>(85,300)</u>
<u>\$ 403,049</u>	<u>\$ 5,014,710</u>	<u>\$ 178,227</u>	<u>\$ 429,258</u>	<u>\$ 920,598</u>	<u>\$ 28,539</u>	<u>\$ 51,975</u>	<u>\$ 33,867</u>

(Continued)

CITY OF LANCASTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2014

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
ASSETS:				
Pooled cash and investments	\$ -	\$ 146,477	\$ 1,411,204	\$ 62,478
Receivables:				
Accounts	-	-	24,275	-
Taxes	-	-	-	-
Accrued interest	-	-	2,526	112
Due from other governments	21,944	13,630	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	\$ 21,944	\$ 160,107	\$ 1,438,005	\$ 62,590
LIABILITIES:				
Accounts payable	\$ 16,154	\$ 7,349	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	164,550	6,281	-	-
TOTAL LIABILITIES	180,704	13,630	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	11,182	13,630	24,275	-
TOTAL DEFERRED INFLOWS OF RESOURCES	11,182	13,630	24,275	-
FUND BALANCES (DEFICITS):				
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	1,176,996	-
Public works	-	132,847	236,734	62,590
Debt service	-	-	-	-
Unassigned	(169,942)	-	-	-
TOTAL FUND BALANCES (DEFICITS)	(169,942)	132,847	1,413,730	62,590
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,944	\$ 160,107	\$ 1,438,005	\$ 62,590

See independent auditors' report.

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Financing Authority	
\$ 6,334,594	\$ 339,205	\$ 958,204	\$ -	\$ 3,681,045	\$ 2,033,494	\$ 54,266,012
100	-	-	-	90,348	-	1,493,554
55,757	-	-	-	-	-	174,558
11,422	607	1,715	-	6,320	-	86,249
-	-	-	-	-	-	2,955,027
-	-	-	-	-	-	249,766
<u>\$ 6,401,873</u>	<u>\$ 339,812</u>	<u>\$ 959,919</u>	<u>\$ -</u>	<u>\$ 3,777,713</u>	<u>\$ 2,033,494</u>	<u>\$ 59,225,166</u>
\$ 15,956	\$ 6,083	\$ -	\$ -	\$ 56,758	\$ -	\$ 911,773
2,609	-	-	-	-	-	10,375
-	-	-	-	-	-	617,489
-	-	-	2,522	-	-	5,506,026
<u>18,565</u>	<u>6,083</u>	<u>-</u>	<u>2,522</u>	<u>56,758</u>	<u>-</u>	<u>7,045,663</u>
-	-	-	-	-	-	1,024,098
-	-	-	-	-	-	1,024,098
-	-	-	-	-	-	4,515,938
-	-	-	-	-	-	51,975
-	-	-	-	-	-	2,195,355
6,383,308	333,729	959,919	-	3,720,955	-	44,996,066
-	-	-	-	-	2,033,494	2,033,494
-	-	-	(2,522)	-	-	(2,637,423)
<u>6,383,308</u>	<u>333,729</u>	<u>959,919</u>	<u>(2,522)</u>	<u>3,720,955</u>	<u>2,033,494</u>	<u>51,155,405</u>
<u>\$ 6,401,873</u>	<u>\$ 339,812</u>	<u>\$ 959,919</u>	<u>\$ -</u>	<u>\$ 3,777,713</u>	<u>\$ 2,033,494</u>	<u>\$ 59,225,166</u>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	Special Revenue Funds			
	Gas Tax	Community Services	Landscape Maintenance District	Housing and Community Development
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	4,746,453	-	-	1,553,110
Charges for services	10,481	-	1,662,753	-
Use of money and property	292	-	16,515	361,632
Fines and forfeitures	-	-	-	-
Miscellaneous	33,100	41,566	-	-
TOTAL REVENUES	<u>4,790,326</u>	<u>41,566</u>	<u>1,679,268</u>	<u>1,914,742</u>
EXPENDITURES:				
Current:				
General government	225	558	15	6,918
Public safety	-	-	-	-
Community development	-	53,819	-	578,690
Public works	3,275,250	-	1,409,064	-
Housing	-	-	-	265,462
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	348,000
Interest and fiscal charges	-	-	-	140,715
TOTAL EXPENDITURES	<u>3,275,475</u>	<u>54,377</u>	<u>1,409,079</u>	<u>1,339,785</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,514,851</u>	<u>(12,811)</u>	<u>270,189</u>	<u>574,957</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,032,505	-	-	-
Transfers out	<u>(1,686,517)</u>	<u>-</u>	<u>(216,104)</u>	<u>(219,388)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,345,988</u>	<u>-</u>	<u>(216,104)</u>	<u>(219,388)</u>
NET CHANGE IN FUND BALANCES	4,860,839	(12,811)	54,085	355,569
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>557</u>	<u>81,205</u>	<u>2,507,849</u>	<u>4,091,975</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 4,861,396</u>	<u>\$ 68,394</u>	<u>\$ 2,561,934</u>	<u>\$ 4,447,544</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Transportation Development Authority	Proposition A	Bikeway Improvement	Proposition C	Federal Grants	State Grants	Parks Development
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	63,000
3,749,920	2,692,235	-	2,201,254	718,716	3,469,126	-
-	-	-	-	-	-	-
14,030	14,078	1,595	40,631	-	-	7,019
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,763,950</u>	<u>2,706,313</u>	<u>1,595</u>	<u>2,241,885</u>	<u>718,716</u>	<u>3,469,126</u>	<u>70,019</u>
-	1,647,393	-	-	-	-	-
-	-	-	-	96,376	46,502	-
-	-	-	-	192,418	310,123	-
-	-	-	43,425	3,675	254,398	-
-	-	-	-	-	-	-
28,340	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,340</u>	<u>1,647,393</u>	<u>-</u>	<u>43,425</u>	<u>292,469</u>	<u>611,023</u>	<u>-</u>
<u>3,735,610</u>	<u>1,058,920</u>	<u>1,595</u>	<u>2,198,460</u>	<u>426,247</u>	<u>2,858,103</u>	<u>70,019</u>
-	-	-	-	-	-	-
<u>(8,081,576)</u>	<u>(133,656)</u>	<u>(102,098)</u>	<u>(892,035)</u>	<u>(590,361)</u>	<u>(539,978)</u>	<u>(61,158)</u>
<u>(8,081,576)</u>	<u>(133,656)</u>	<u>(102,098)</u>	<u>(892,035)</u>	<u>(590,361)</u>	<u>(539,978)</u>	<u>(61,158)</u>
(4,345,966)	925,264	(100,503)	1,306,425	(164,114)	2,318,125	8,861
<u>4,515,120</u>	<u>2,125,311</u>	<u>234,762</u>	<u>5,852,146</u>	<u>287,576</u>	<u>(3,842,670)</u>	<u>1,009,498</u>
<u>\$ 169,154</u>	<u>\$ 3,050,575</u>	<u>\$ 134,259</u>	<u>\$ 7,158,571</u>	<u>\$ 123,462</u>	<u>\$ (1,524,545)</u>	<u>\$ 1,018,359</u>

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Special Revenue Funds (Continued)			
	County and Other	Developer Fees - Signals	Developer Fees - Drainage	Recycled Water
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	99,586	146,068	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	12,010
Use of money and property	-	35,073	28,555	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	178,000
TOTAL REVENUES	-	134,659	174,623	190,010
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Public works	-	-	-	133,066
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	-	-	-	133,066
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	134,659	174,623	56,944
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	110,000
Transfers out	-	(530,609)	(198,139)	(28,040)
TOTAL OTHER FINANCING SOURCES (USES)	-	(530,609)	(198,139)	81,960
NET CHANGE IN FUND BALANCES	-	(395,950)	(23,516)	138,904
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	(233,234)	5,058,928	4,169,090	(411,364)
FUND BALANCES (DEFICITS) - END OF YEAR	\$ (233,234)	\$ 4,662,978	\$ 4,145,574	\$ (272,460)

See independent auditors' report.

Special Revenue Funds (Continued)

Biological Impact Fees	Traffic Impact Fees	AQMD	Lancaster Lighting District	Lancaster Drainage Maintenance District	Miscellaneous Grants	Traffic Safety	Engineering Fees
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,505	\$ -	\$ -
393,210	114,665	-	-	-	-	-	1,261,791
-	-	100,000	-	-	-	-	-
-	-	-	4,282,657	1,634,300	-	-	-
3,399	32,873	849	218	4,705	38	127	13
-	-	-	-	-	-	428,558	-
-	-	-	45,066	-	-	-	-
<u>396,609</u>	<u>147,538</u>	<u>100,849</u>	<u>4,327,941</u>	<u>1,639,005</u>	<u>11,543</u>	<u>428,685</u>	<u>1,261,804</u>
-	-	-	-	-	-	-	28,230
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	50,908	4,166,734	1,063,937	-	-	1,268,477
572,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>572,000</u>	<u>-</u>	<u>50,908</u>	<u>4,166,734</u>	<u>1,063,937</u>	<u>-</u>	<u>-</u>	<u>1,296,707</u>
<u>(175,391)</u>	<u>147,538</u>	<u>49,941</u>	<u>161,207</u>	<u>575,068</u>	<u>11,543</u>	<u>428,685</u>	<u>(34,903)</u>
-	-	-	192,804	-	-	-	735,814
<u>(29,990)</u>	<u>(314,272)</u>	<u>(11,262)</u>	<u>(354,010)</u>	<u>(473,965)</u>	<u>(10,000)</u>	<u>(401,500)</u>	<u>(700,910)</u>
<u>(29,990)</u>	<u>(314,272)</u>	<u>(11,262)</u>	<u>(161,206)</u>	<u>(473,965)</u>	<u>(10,000)</u>	<u>(401,500)</u>	<u>34,904</u>
(205,381)	(166,734)	38,679	1	101,103	1,543	27,185	1
<u>608,430</u>	<u>4,857,692</u>	<u>139,548</u>	<u>124,057</u>	<u>800,686</u>	<u>(350,963)</u>	<u>24,790</u>	<u>(85,301)</u>
<u>\$ 403,049</u>	<u>\$ 4,690,958</u>	<u>\$ 178,227</u>	<u>\$ 124,058</u>	<u>\$ 901,789</u>	<u>\$ (349,420)</u>	<u>\$ 51,975</u>	<u>\$ (85,300)</u>

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Special Revenue Funds (Continued)			
	LA County Reimbursement	MTA Grant	Urban Structure Program	Mariposa Lily
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	169,366	8,153
Intergovernmental	158,905	532,627	-	-
Charges for services	-	-	-	-
Use of money and property	-	-	16,664	365
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>158,905</u>	<u>532,627</u>	<u>186,030</u>	<u>8,518</u>
EXPENDITURES:				
Current:				
General government	-	63,666	-	-
Public safety	-	-	-	-
Community development	165,558	-	-	-
Public works	-	-	-	-
Housing	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>165,558</u>	<u>63,666</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,653)</u>	<u>468,961</u>	<u>186,030</u>	<u>8,518</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(28,267)	(1,214,977)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(28,267)</u>	<u>(1,214,977)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,653)	440,694	(1,028,947)	8,518
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>(163,289)</u>	<u>(307,847)</u>	<u>2,442,677</u>	<u>54,072</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (169,942)</u>	<u>\$ 132,847</u>	<u>\$ 1,413,730</u>	<u>\$ 62,590</u>

See independent auditors' report.

Special Revenue Funds (Continued)					Debt Service Fund	Total Other Governmental Funds
Sewer Maintenance District	Proposition 1B	Proposition 42	HPRP	Measure R	Lancaster Financing Authority	
\$ 4,189,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,200,515
209,260	-	-	-	-	-	2,465,099
-	-	-	-	1,756,923	2,368,751	24,048,020
-	-	-	-	-	-	7,602,201
38,435	3,165	6,631	-	20,158	3,332	650,392
-	-	-	-	-	-	428,558
-	-	-	-	-	-	297,732
<u>4,436,705</u>	<u>3,165</u>	<u>6,631</u>	<u>-</u>	<u>1,777,081</u>	<u>2,372,083</u>	<u>39,692,517</u>
2,398	-	-	-	-	483,866	2,233,269
-	-	-	-	-	-	142,878
-	-	-	-	-	-	1,300,608
2,602,102	-	-	-	-	-	14,271,036
-	-	-	-	-	-	265,462
-	-	-	-	56,759	-	657,099
-	-	-	-	-	-	348,000
-	-	-	-	-	-	140,715
<u>2,604,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,759</u>	<u>483,866</u>	<u>19,359,067</u>
<u>1,832,205</u>	<u>3,165</u>	<u>6,631</u>	<u>-</u>	<u>1,720,322</u>	<u>1,888,217</u>	<u>20,333,450</u>
-	-	-	-	-	-	6,071,123
<u>(1,083,820)</u>	<u>(140,145)</u>	<u>(15,858)</u>	<u>-</u>	<u>(1,360,442)</u>	<u>-</u>	<u>(19,419,077)</u>
<u>(1,083,820)</u>	<u>(140,145)</u>	<u>(15,858)</u>	<u>-</u>	<u>(1,360,442)</u>	<u>-</u>	<u>(13,347,954)</u>
748,385	(136,980)	(9,227)	-	359,880	1,888,217	6,985,496
<u>5,634,923</u>	<u>470,709</u>	<u>969,146</u>	<u>(2,522)</u>	<u>3,361,075</u>	<u>145,277</u>	<u>44,169,909</u>
<u>\$ 6,383,308</u>	<u>\$ 333,729</u>	<u>\$ 959,919</u>	<u>\$ (2,522)</u>	<u>\$ 3,720,955</u>	<u>\$ 2,033,494</u>	<u>\$ 51,155,405</u>

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 557	\$ 557	\$ 557	\$ -
Resources (Inflows):				
Intergovernmental	4,572,430	4,572,430	4,746,453	174,023
Charges for services	10,000	10,000	10,481	481
Use of money and property	-	-	292	292
Miscellaneous	5,000	5,000	33,100	28,100
Transfers in	300,000	300,000	5,032,505	4,732,505
Amounts Available for Appropriations	<u>4,887,987</u>	<u>4,887,987</u>	<u>9,823,388</u>	<u>4,935,401</u>
Charges to Appropriations (Outflows):				
General government	220	220	225	(5)
Public works	3,569,184	3,568,295	3,275,250	293,045
Transfers out	1,323,505	1,822,772	1,686,517	136,255
Total Charges to Appropriations	<u>4,892,909</u>	<u>5,391,287</u>	<u>4,961,992</u>	<u>429,295</u>
Budgetary Fund Balance, June 30	<u>\$ (4,922)</u>	<u>\$ (503,300)</u>	<u>\$ 4,861,396</u>	<u>\$ 5,364,696</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY SERVICES SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 81,205	\$ 81,205	\$ 81,205	\$ -
Resources (Inflows):				
Miscellaneous	-	422,500	41,566	(380,934)
Amounts Available for Appropriations	81,205	503,705	122,771	(380,934)
Charges to Appropriations (Outflows):				
General government	22,136	423,636	558	423,078
Community development	78,250	99,250	53,819	45,431
Total Charges to Appropriations	100,386	522,886	54,377	468,509
Budgetary Fund Balance, June 30	\$ (19,181)	\$ (19,181)	\$ 68,394	\$ 87,575

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANDSCAPE MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,507,849	\$ 2,507,849	\$ 2,507,849	\$ -
Resources (Inflows):				
Charges for services	1,701,500	1,701,500	1,662,753	(38,747)
Use of money and property	10,000	10,000	16,515	6,515
Amounts Available for Appropriations	<u>4,219,349</u>	<u>4,219,349</u>	<u>4,187,117</u>	<u>(32,232)</u>
Charges to Appropriations (Outflows):				
General government	-	-	15	(15)
Public works	1,357,266	1,375,528	1,409,064	(33,536)
Transfers out	434,929	434,929	216,104	218,825
Total Charges to Appropriations	<u>1,792,195</u>	<u>1,810,457</u>	<u>1,625,183</u>	<u>185,274</u>
Budgetary Fund Balance, June 30	<u>\$ 2,427,154</u>	<u>\$ 2,408,892</u>	<u>\$ 2,561,934</u>	<u>\$ 153,042</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,091,975	\$ 4,091,975	\$ 4,091,975	\$ -
Resources (Inflows):				
Intergovernmental	1,721,768	1,766,768	1,553,110	(213,658)
Use of money and property	<u>250,000</u>	<u>900,000</u>	<u>361,632</u>	<u>(538,368)</u>
Amounts Available for Appropriations	<u>6,063,743</u>	<u>6,758,743</u>	<u>6,006,717</u>	<u>(752,026)</u>
Charges to Appropriations (Outflows):				
General government	10,175	419,542	6,918	412,624
Community development	770,499	770,499	578,690	191,809
Housing	20,133	4,297,394	265,462	4,031,932
Debt service:				
Principal retirement	348,000	348,000	348,000	-
Interest and fiscal charges	150,892	150,892	140,715	10,177
Transfers out	<u>458,244</u>	<u>458,244</u>	<u>219,388</u>	<u>238,856</u>
Total Charges to Appropriations	<u>1,757,943</u>	<u>6,444,571</u>	<u>1,559,173</u>	<u>4,885,398</u>
Budgetary Fund Balance, June 30	<u>\$ 4,305,800</u>	<u>\$ 314,172</u>	<u>\$ 4,447,544</u>	<u>\$ 4,133,372</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,515,120	\$ 4,515,120	\$ 4,515,120	\$ -
Resources (Inflows):				
Intergovernmental	5,181,740	5,181,740	3,749,920	(1,431,820)
Use of money and property	15,000	15,000	14,030	(970)
Amounts Available for Appropriations	9,711,860	9,711,860	8,279,070	(1,432,790)
Charges to Appropriations (Outflows):				
Capital outlay	30,000	590,000	28,340	561,660
Transfers out	9,558,196	9,473,058	8,081,576	1,391,482
Total Charges to Appropriations	9,588,196	10,063,058	8,109,916	1,953,142
Budgetary Fund Balance, June 30	\$ 123,664	\$ (351,198)	\$ 169,154	\$ 520,352

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,125,311	\$ 2,125,311	\$ 2,125,311	\$ -
Resources (Inflows):				
Intergovernmental	2,163,800	2,163,800	2,692,235	528,435
Use of money and property	-	-	14,078	14,078
Amounts Available for Appropriations	<u>4,289,111</u>	<u>4,289,111</u>	<u>4,831,624</u>	<u>542,513</u>
Charges to Appropriations (Outflows):				
General government	1,843,810	1,843,810	1,647,393	196,417
Transfers out	<u>1,778,463</u>	<u>1,778,463</u>	<u>133,656</u>	<u>1,644,807</u>
Total Charges to Appropriations	<u>3,622,273</u>	<u>3,622,273</u>	<u>1,781,049</u>	<u>1,841,224</u>
Budgetary Fund Balance, June 30	<u>\$ 666,838</u>	<u>\$ 666,838</u>	<u>\$ 3,050,575</u>	<u>\$ 2,383,737</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIKEWAY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 234,762	\$ 234,762	\$ 234,762	\$ -
Resources (Inflows):				
Intergovernmental	142,605	142,605	-	(142,605)
Use of money and property	-	-	1,595	1,595
Amounts Available for Appropriations	<u>377,367</u>	<u>377,367</u>	<u>236,357</u>	<u>(141,010)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>352,337</u>	<u>352,337</u>	<u>102,098</u>	<u>250,239</u>
Total Charges to Appropriations	<u>352,337</u>	<u>352,337</u>	<u>102,098</u>	<u>250,239</u>
Budgetary Fund Balance, June 30	<u>\$ 25,030</u>	<u>\$ 25,030</u>	<u>\$ 134,259</u>	<u>\$ 109,229</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,852,146	\$ 5,852,146	\$ 5,852,146	\$ -
Resources (Inflows):				
Intergovernmental	1,758,000	1,758,000	2,201,254	443,254
Use of money and property	<u>10,000</u>	<u>10,000</u>	<u>40,631</u>	<u>30,631</u>
Amounts Available for Appropriations	<u>7,620,146</u>	<u>7,620,146</u>	<u>8,094,031</u>	<u>473,885</u>
Charges to Appropriations (Outflows):				
Public works	60,700	107,248	43,425	63,823
Transfers out	<u>7,521,145</u>	<u>7,521,145</u>	<u>892,035</u>	<u>6,629,110</u>
Total Charges to Appropriations	<u>7,581,845</u>	<u>7,628,393</u>	<u>935,460</u>	<u>6,692,933</u>
Budgetary Fund Balance, June 30	<u>\$ 38,301</u>	<u>\$ (8,247)</u>	<u>\$ 7,158,571</u>	<u>\$ 7,166,818</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FEDERAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 287,576	\$ 287,576	\$ 287,576	\$ -
Resources (Inflows):				
Intergovernmental	<u>6,339,466</u>	<u>6,408,665</u>	<u>718,716</u>	<u>(5,689,949)</u>
Amounts Available for Appropriations	<u>6,627,042</u>	<u>6,696,241</u>	<u>1,006,292</u>	<u>(5,689,949)</u>
Charges to Appropriations (Outflows):				
Public safety	78,392	147,591	96,376	51,215
Community development	-	-	192,418	(192,418)
Parks and recreation	6,201	6,201	-	6,201
Public works	-	-	3,675	(3,675)
Transfers out	<u>5,824,696</u>	<u>5,824,696</u>	<u>590,361</u>	<u>5,234,335</u>
Total Charges to Appropriations	<u>5,909,289</u>	<u>5,978,488</u>	<u>882,830</u>	<u>5,095,658</u>
Budgetary Fund Balance, June 30	<u>\$ 717,753</u>	<u>\$ 717,753</u>	<u>\$ 123,462</u>	<u>\$ (594,291)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (3,842,670)	\$ (3,842,670)	\$ (3,842,670)	\$ -
Resources (Inflows):				
Intergovernmental	<u>3,456,398</u>	<u>3,511,798</u>	<u>3,469,126</u>	<u>(42,672)</u>
Amounts Available for Appropriations	<u>(386,272)</u>	<u>(330,872)</u>	<u>(373,544)</u>	<u>(42,672)</u>
Charges to Appropriations (Outflows):				
Public safety	51,404	51,404	46,502	4,902
Community development	786,027	843,016	310,123	532,893
Public works	456,131	457,109	254,398	202,711
Transfers out	<u>3,008,226</u>	<u>3,008,226</u>	<u>539,978</u>	<u>2,468,248</u>
Total Charges to Appropriations	<u>4,301,788</u>	<u>4,359,755</u>	<u>1,151,001</u>	<u>3,208,754</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (4,688,060)</u>	<u>\$ (4,690,627)</u>	<u>\$ (1,524,545)</u>	<u>\$ 3,166,082</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,009,498	\$ 1,009,498	\$ 1,009,498	\$ -
Resources (Inflows):				
Licenses and permits	75,000	75,000	63,000	(12,000)
Use of money and property	<u>2,500</u>	<u>2,500</u>	<u>7,019</u>	<u>4,519</u>
Amounts Available for Appropriations	<u>1,086,998</u>	<u>1,086,998</u>	<u>1,079,517</u>	<u>(7,481)</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>140,000</u>	<u>140,000</u>	<u>61,158</u>	<u>78,842</u>
Total Charges to Appropriations	<u>140,000</u>	<u>140,000</u>	<u>61,158</u>	<u>78,842</u>
Budgetary Fund Balance, June 30	<u>\$ 946,998</u>	<u>\$ 946,998</u>	<u>\$ 1,018,359</u>	<u>\$ 71,361</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COUNTY AND OTHER SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (233,234)	\$ (233,234)	\$ (233,234)	\$ -
Resources (Inflows):				
Contributions	55,000	55,000	-	(55,000)
Amounts Available for Appropriations	(178,234)	(178,234)	(233,234)	(55,000)
Charges to Appropriations (Outflows):				
Parks and recreation	5,000	5,000	-	5,000
Transfers out	50,000	50,000	-	50,000
Total Charges to Appropriations	55,000	55,000	-	55,000
Budgetary Fund Balance (Deficit), June 30	\$ (233,234)	\$ (233,234)	\$ (233,234)	\$ -

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEVELOPER FEES - SIGNALS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,058,928	\$ 5,058,928	\$ 5,058,928	\$ -
Resources (Inflows):				
Licenses and permits	200,000	200,000	99,586	(100,414)
Use of money and property	20,000	20,000	35,073	15,073
Amounts Available for Appropriations	5,278,928	5,278,928	5,193,587	(85,341)
Charges to Appropriations (Outflows):				
Transfers out	3,192,318	3,192,318	530,609	2,661,709
Total Charges to Appropriations	3,192,318	3,192,318	530,609	2,661,709
Budgetary Fund Balance, June 30	\$ 2,086,610	\$ 2,086,610	\$ 4,662,978	\$ 2,576,368

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEVELOPER FEES - DRAINAGE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,169,090	\$ 4,169,090	\$ 4,169,090	\$ -
Resources (Inflows):				
Licenses and permits	400,000	400,000	146,068	(253,932)
Use of money and property	10,000	10,000	28,555	18,555
Amounts Available for Appropriations	4,579,090	4,579,090	4,343,713	(235,377)
Charges to Appropriations (Outflows):				
Transfers out	3,826,592	3,826,592	198,139	3,628,453
Total Charges to Appropriations	3,826,592	3,826,592	198,139	3,628,453
Budgetary Fund Balance, June 30	\$ 752,498	\$ 752,498	\$ 4,145,574	\$ 3,393,076

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

RECYCLE WATER SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (411,364)	\$ (411,364)	\$ (411,364)	\$ -
Resources (Inflows):				
Charges for services	10,000	10,000	12,010	2,010
Miscellaneous	-	-	178,000	178,000
Transfers in	110,000	110,000	110,000	-
Amounts Available for Appropriations	<u>(291,364)</u>	<u>(291,364)</u>	<u>(111,354)</u>	<u>180,010</u>
Charges to Appropriations (Outflows):				
Public works	200,401	200,401	133,066	67,335
Transfers out	28,040	28,040	28,040	-
Total Charges to Appropriations	<u>228,441</u>	<u>228,441</u>	<u>161,106</u>	<u>67,335</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (519,805)</u>	<u>\$ (519,805)</u>	<u>\$ (272,460)</u>	<u>\$ 247,345</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BIOLOGICAL IMPACT FEES SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 608,430	\$ 608,430	\$ 608,430	\$ -
Resources (Inflows):				
Licenses and permits	300,000	300,000	393,210	93,210
Use of money and property	2,000	2,000	3,399	1,399
Amounts Available for Appropriations	910,430	910,430	1,005,039	94,609
Charges to Appropriations (Outflows):				
Capital outlay	-	572,000	572,000	-
Transfers out	173,002	173,002	29,990	143,012
Total Charges to Appropriations	173,002	745,002	601,990	143,012
Budgetary Fund Balance, June 30	\$ 737,428	\$ 165,428	\$ 403,049	\$ 237,621

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC IMPACT FEES SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,857,692	\$ 4,857,692	\$ 4,857,692	\$ -
Resources (Inflows):				
Licenses and permits	300,000	300,000	114,665	(185,335)
Use of money and property	25,000	25,000	32,873	7,873
Amounts Available for Appropriations	5,182,692	5,182,692	5,005,230	(177,462)
Charges to Appropriations (Outflows):				
Transfers out	4,745,259	4,744,587	314,272	4,430,315
Total Charges to Appropriations	4,745,259	4,744,587	314,272	4,430,315
Budgetary Fund Balance, June 30	\$ 437,433	\$ 438,105	\$ 4,690,958	\$ 4,252,853

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AQMD SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 139,548	\$ 139,548	\$ 139,548	\$ -
Resources (Inflows):				
Intergovernmental	75,000	75,000	100,000	25,000
Use of money and property	1,000	1,000	849	(151)
Amounts Available for Appropriations	215,548	215,548	240,397	24,849
Charges to Appropriations (Outflows):				
Public works	46,000	51,000	50,908	92
Transfers out	134,561	134,561	11,262	123,299
Total Charges to Appropriations	180,561	185,561	62,170	123,391
Budgetary Fund Balance, June 30	\$ 34,987	\$ 29,987	\$ 178,227	\$ 148,240

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER LIGHTING DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 124,057	\$ 124,057	\$ 124,057	\$ -
Resources (Inflows):				
Charges for services	4,170,000	4,170,000	4,282,657	112,657
Use of money and property	-	-	218	218
Miscellaneous	20,000	20,000	45,066	25,066
Transfers in	730,000	730,000	192,804	(537,196)
Amounts Available for Appropriations	<u>5,044,057</u>	<u>5,044,057</u>	<u>4,644,802</u>	<u>(399,255)</u>
Charges to Appropriations (Outflows):				
Public works	4,563,370	4,563,370	4,166,734	396,636
Transfers out	354,010	354,010	354,010	-
Total Charges to Appropriations	<u>4,917,380</u>	<u>4,917,380</u>	<u>4,520,744</u>	<u>396,636</u>
Budgetary Fund Balance, June 30	<u>\$ 126,677</u>	<u>\$ 126,677</u>	<u>\$ 124,058</u>	<u>\$ (2,619)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER DRAINAGE MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 800,686	\$ 800,686	\$ 800,686	\$ -
Resources (Inflows):				
Charges for services	1,675,000	1,675,000	1,634,300	(40,700)
Use of money and property	5,000	5,000	4,705	(295)
Amounts Available for Appropriations	<u>2,480,686</u>	<u>2,480,686</u>	<u>2,439,691</u>	<u>(40,995)</u>
Charges to Appropriations (Outflows):				
General government	1,020	1,020	-	1,020
Public works	1,266,844	1,269,483	1,063,937	205,546
Transfers out	620,834	598,762	473,965	124,797
Total Charges to Appropriations	<u>1,888,698</u>	<u>1,869,265</u>	<u>1,537,902</u>	<u>331,363</u>
Budgetary Fund Balance, June 30	<u>\$ 591,988</u>	<u>\$ 611,421</u>	<u>\$ 901,789</u>	<u>\$ 290,368</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MISCELLANEOUS GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (350,963)	\$ (350,963)	\$ (350,963)	\$ -
Resources (Inflows):				
Taxes	10,000	10,000	11,505	1,505
Use of money and property	-	-	38	38
Amounts Available for Appropriations	<u>(340,963)</u>	<u>(340,963)</u>	<u>(339,420)</u>	<u>1,543</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Charges to Appropriations	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (350,963)</u>	<u>\$ (350,963)</u>	<u>\$ (349,420)</u>	<u>\$ 1,543</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,790	\$ 24,790	\$ 24,790	\$ -
Resources (Inflows):				
Use of money and property	1,500	1,500	127	(1,373)
Fines and forfeitures	400,000	400,000	428,558	28,558
Amounts Available for Appropriations	426,290	426,290	453,475	27,185
Charges to Appropriations (Outflows):				
Transfers out	401,500	401,500	401,500	-
Total Charges to Appropriations	401,500	401,500	401,500	-
Budgetary Fund Balance, June 30	\$ 24,790	\$ 24,790	\$ 51,975	\$ 27,185

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ENGINEERING FEES SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (85,301)	\$ (85,301)	\$ (85,301)	\$ -
Resources (Inflows):				
Licenses and permits	1,090,000	1,090,000	1,261,791	171,791
Use of money and property	-	-	13	13
Transfers in	<u>928,860</u>	<u>928,860</u>	<u>735,814</u>	<u>(193,046)</u>
Amounts Available for Appropriations	<u>1,933,559</u>	<u>1,933,559</u>	<u>1,912,317</u>	<u>(21,242)</u>
Charges to Appropriations (Outflows):				
General government	44,875	44,875	28,230	16,645
Public works	1,278,168	1,278,168	1,268,477	9,691
Transfers out	<u>700,910</u>	<u>700,910</u>	<u>700,910</u>	<u>-</u>
Total Charges to Appropriations	<u>2,023,953</u>	<u>2,023,953</u>	<u>1,997,617</u>	<u>26,336</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (90,394)</u>	<u>\$ (90,394)</u>	<u>\$ (85,300)</u>	<u>\$ 5,094</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LA COUNTY REIMBURSEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (163,289)	\$ (163,289)	\$ (163,289)	\$ -
Resources (Inflows):				
Intergovernmental	111,200	203,650	158,905	(44,745)
Amounts Available for Appropriations	(52,089)	40,361	(4,384)	(44,745)
Charges to Appropriations (Outflows):				
Community development	75,200	167,650	165,558	2,092
Transfers out	36,000	36,000	-	36,000
Total Charges to Appropriations	111,200	203,650	165,558	38,092
Budgetary Fund Balance (Deficit), June 30	<u>\$ (163,289)</u>	<u>\$ (163,289)</u>	<u>\$ (169,942)</u>	<u>\$ (6,653)</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MTA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (307,847)	\$ (307,847)	\$ (307,847)	\$ -
Resources (Inflows):				
Intergovernmental	<u>3,257,992</u>	<u>3,257,992</u>	<u>532,627</u>	<u>(2,725,365)</u>
Amounts Available for Appropriations	<u>2,950,145</u>	<u>2,950,145</u>	<u>224,780</u>	<u>(2,725,365)</u>
Charges to Appropriations (Outflows):				
General government	66,688	66,688	63,666	3,022
Transfers out	<u>3,068,210</u>	<u>3,068,210</u>	<u>28,267</u>	<u>3,039,943</u>
Total Charges to Appropriations	<u>3,134,898</u>	<u>3,134,898</u>	<u>91,933</u>	<u>3,042,965</u>
Budgetary Fund Balance, June 30	<u>\$ (184,753)</u>	<u>\$ (184,753)</u>	<u>\$ 132,847</u>	<u>\$ 317,600</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

URBAN STRUCTURE PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,442,677	\$ 2,442,677	\$ 2,442,677	\$ -
Resources (Inflows):				
Licenses and permits	145,000	145,000	169,366	24,366
Use of money and property	9,000	9,000	16,664	7,664
Amounts Available for Appropriations	<u>2,596,677</u>	<u>2,596,677</u>	<u>2,628,707</u>	<u>32,030</u>
Charges to Appropriations (Outflows):				
Transfers out	<u>2,139,894</u>	<u>2,139,069</u>	<u>1,214,977</u>	<u>924,092</u>
Total Charges to Appropriations	<u>2,139,894</u>	<u>2,139,069</u>	<u>1,214,977</u>	<u>924,092</u>
Budgetary Fund Balance, June 30	<u>\$ 456,783</u>	<u>\$ 457,608</u>	<u>\$ 1,413,730</u>	<u>\$ 956,122</u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MARIPOSA LILY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 54,072	\$ 54,072	\$ 54,072	\$ -
Resources (Inflows):				
Licenses and permits	-	-	8,153	8,153
Use of money and property	-	-	365	365
Amounts Available for Appropriations	54,072	54,072	62,590	8,518
Budgetary Fund Balance, June 30	\$ 54,072	\$ 54,072	\$ 62,590	\$ 8,518

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,634,923	\$ 5,634,923	\$ 5,634,923	\$ -
Resources (Inflows):				
Taxes	4,000,000	4,000,000	4,189,010	189,010
Licenses and permits	500,500	500,500	209,260	(291,240)
Use of money and property	25,000	25,000	38,435	13,435
Amounts Available for Appropriations	<u>10,160,423</u>	<u>10,160,423</u>	<u>10,071,628</u>	<u>(88,795)</u>
Charges to Appropriations (Outflows):				
General government	2,505	2,505	2,398	107
Public works	2,924,280	2,924,280	2,602,102	322,178
Transfers out	2,190,520	2,190,520	1,083,820	1,106,700
Total Charges to Appropriations	<u>5,117,305</u>	<u>5,117,305</u>	<u>3,688,320</u>	<u>1,428,985</u>
Budgetary Fund Balance, June 30	<u>\$ 5,043,118</u>	<u>\$ 5,043,118</u>	<u>\$ 6,383,308</u>	<u>\$ 1,340,190</u>

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CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION 1B SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 470,709	\$ 470,709	\$ 470,709	\$ -
Resources (Inflows):				
Intergovernmental	-	361,000	-	(361,000)
Use of money and property	-	-	3,165	3,165
Amounts Available for Appropriations	470,709	831,709	473,874	(357,835)
Charges to Appropriations (Outflows):				
Transfers out	846,624	1,207,624	140,145	1,067,479
Total Charges to Appropriations	846,624	1,207,624	140,145	1,067,479
Budgetary Fund Balance, June 30	\$ (375,915)	\$ (375,915)	\$ 333,729	\$ 709,644

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CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION 42 SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 969,146	\$ 969,146	\$ 969,146	\$ -
Resources (Inflows):				
Use of money and property	-	-	6,631	6,631
Amounts Available for Appropriations	969,146	969,146	975,777	6,631
Charges to Appropriations (Outflows):				
Transfers out	714,967	714,967	15,858	699,109
Total Charges to Appropriations	714,967	714,967	15,858	699,109
Budgetary Fund Balance, June 30	\$ 254,179	\$ 254,179	\$ 959,919	\$ 705,740

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CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HPRP SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	<u>\$ (2,522)</u>	<u>\$ (2,522)</u>	<u>\$ (2,522)</u>	<u>\$ -</u>
Amounts Available for Appropriations	<u>(2,522)</u>	<u>(2,522)</u>	<u>(2,522)</u>	<u>-</u>
Budgetary Fund Balance (Deficit), June 30	<u><u>\$ (2,522)</u></u>	<u><u>\$ (2,522)</u></u>	<u><u>\$ (2,522)</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,361,075	\$ 3,361,075	\$ 3,361,075	\$ -
Resources (Inflows):				
Intergovernmental	2,675,000	2,895,000	1,756,923	(1,138,077)
Use of money and property	15,000	15,000	20,158	5,158
Amounts Available for Appropriations	6,051,075	6,271,075	5,138,156	(1,132,919)
Charges to Appropriations (Outflows):				
Capital outlay	-	320,145	56,759	263,386
Transfers out	5,762,349	5,971,243	1,360,442	4,610,801
Total Charges to Appropriations	5,762,349	6,291,388	1,417,201	4,874,187
Budgetary Fund Balance, June 30	\$ 288,726	\$ (20,313)	\$ 3,720,955	\$ 3,741,268

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CITY OF LANCASTER

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

LANCASTER FINANCING AUTHORITY DEBT SERVICE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 145,277	\$ 145,277	\$ 145,277	\$ -
Resources (Inflows):				
Intergovernmental	-	-	2,368,751	2,368,751
Use of money and property	-	-	3,332	3,332
Amounts Available for Appropriations	<u>145,277</u>	<u>145,277</u>	<u>2,517,360</u>	<u>2,372,083</u>
Charges to Appropriations (Outflows):				
General government	-	-	483,866	(483,866)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>483,866</u>	<u>(483,866)</u>
Budgetary Fund Balance, June 30	<u>\$ 145,277</u>	<u>\$ 145,277</u>	<u>\$ 2,033,494</u>	<u>\$ 1,888,217</u>

See independent auditors' report.

CITY OF LANCASTER

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2014

	Assessment District	Agency	AD 93-3	AD 92-101
ASSETS				
Pooled cash and investments	\$ 154,596	\$ 742,941	\$ 674,190	\$ 405,945
Receivable:				
Accounts	-	6,797	-	-
Taxes	-	-	1,405	1,787
Accrued interest	-	-	276	727
Restricted:				
Cash and investments with fiscal agents	-	-	452,693	157,545
TOTAL ASSETS	<u>\$ 154,596</u>	<u>\$ 749,738</u>	<u>\$ 1,128,564</u>	<u>\$ 566,004</u>
LIABILITIES				
Accounts payable	\$ -	\$ 62,554	\$ 5,887	\$ 4,184
Deposits payable	-	687,184	-	-
Due to bondholders	154,596	-	1,122,677	561,820
TOTAL LIABILITIES	<u>\$ 154,596</u>	<u>\$ 749,738</u>	<u>\$ 1,128,564</u>	<u>\$ 566,004</u>

See independent auditors' report.

<u>IFD 92-1</u>	<u>CFD 89-1</u>	<u>CFD 90-1</u>	<u>CFD 91-1</u>	<u>CFD 91-2</u>	<u>Totals</u>
\$ 2	\$ 577,097	\$ 1,178,135	\$ 1,189,382	\$ 415,303	\$ 5,337,591
-	-	-	-	-	6,797
-	3,811	3,821	1,628	71,844	84,296
-	1,033	2,109	2,129	743	7,017
-	<u>863,463</u>	<u>778,809</u>	<u>534,942</u>	<u>699,602</u>	<u>3,487,054</u>
<u>\$ 2</u>	<u>\$ 1,445,404</u>	<u>\$ 1,962,874</u>	<u>\$ 1,728,081</u>	<u>\$ 1,187,492</u>	<u>\$ 8,922,755</u>
\$ -	\$ 4,118	\$ 3,180	\$ 3,903	\$ 14,667	\$ 98,493
-	-	-	-	15,810	702,994
<u>2</u>	<u>1,441,286</u>	<u>1,959,694</u>	<u>1,724,178</u>	<u>1,157,015</u>	<u>8,121,268</u>
<u>\$ 2</u>	<u>\$ 1,445,404</u>	<u>\$ 1,962,874</u>	<u>\$ 1,728,081</u>	<u>\$ 1,187,492</u>	<u>\$ 8,922,755</u>

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSESSMENT DISTRICTS				
ASSETS:				
Pooled cash and investments	\$ 154,596	\$ -	\$ -	\$ 154,596
TOTAL ASSETS	<u>\$ 154,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,596</u>
LIABILITIES:				
Due to bondholders	\$ 154,596	\$ -	\$ -	\$ 154,596
TOTAL LIABILITIES	<u>\$ 154,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,596</u>
AGENCY				
ASSETS:				
Pooled cash and investments	\$ 697,761	\$ 253,448	\$ (208,268)	\$ 742,941
Receivable:				
Accounts	-	40,861	(34,064)	6,797
TOTAL ASSETS	<u>\$ 697,761</u>	<u>\$ 294,309</u>	<u>\$ (242,332)</u>	<u>\$ 749,738</u>
LIABILITIES:				
Accounts payable	\$ 17,373	\$ 252,729	\$ (207,548)	\$ 62,554
Deposits payable	680,388	261,570	(254,774)	687,184
TOTAL LIABILITIES	<u>\$ 697,761</u>	<u>\$ 514,299</u>	<u>\$ (462,322)</u>	<u>\$ 749,738</u>
AD 93-3				
ASSETS:				
Pooled cash and investments	\$ 662,710	\$ 543,896	\$ (532,416)	\$ 674,190
Receivable:				
Taxes	10,350	1,405	(10,350)	1,405
Accrued interest	1,647	276	(1,647)	276
Restricted:				
Cash and investments with fiscal agents	452,868	65	(240)	452,693
TOTAL ASSETS	<u>\$ 1,127,575</u>	<u>\$ 545,642</u>	<u>\$ (544,653)</u>	<u>\$ 1,128,564</u>
LIABILITIES:				
Accounts payable	\$ 344	\$ 537,223	\$ (531,680)	\$ 5,887
Due to bondholders	1,127,231	545,641	(550,195)	1,122,677
TOTAL LIABILITIES	<u>\$ 1,127,575</u>	<u>\$ 1,082,864</u>	<u>\$ (1,081,875)</u>	<u>\$ 1,128,564</u>

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
AD 92-101				
ASSETS:				
Pooled cash and investments	\$ 374,172	\$ 236,718	\$ (204,945)	\$ 405,945
Receivable:				
Taxes	1,879	1,787	(1,879)	1,787
Accrued interest	930	727	(930)	727
Restricted:				
Cash and investments with fiscal agents	157,606	23	(84)	157,545
TOTAL ASSETS	<u>\$ 534,587</u>	<u>\$ 239,255</u>	<u>\$ (207,838)</u>	<u>\$ 566,004</u>
LIABILITIES:				
Accounts payable	\$ 177	\$ 207,185	\$ (203,178)	\$ 4,184
Due to bondholders	534,410	239,253	(211,843)	561,820
TOTAL LIABILITIES	<u>\$ 534,587</u>	<u>\$ 446,438</u>	<u>\$ (415,021)</u>	<u>\$ 566,004</u>
IFD 92-1				
ASSETS:				
Pooled cash and investments	\$ 2	\$ -	\$ -	\$ 2
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
LIABILITIES:				
Due to bondholders	\$ 2	\$ -	\$ -	\$ 2
TOTAL LIABILITIES	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
CFD 89-1				
ASSETS:				
Pooled cash and investments	\$ 616,939	\$ 428,810	\$ (468,652)	\$ 577,097
Receivable:				
Taxes	2,280	3,811	(2,280)	3,811
Accrued interest	1,533	1,033	(1,533)	1,033
Restricted:				
Cash and investments with fiscal agents	829,917	33,546	-	863,463
TOTAL ASSETS	<u>\$ 1,450,669</u>	<u>\$ 467,200</u>	<u>\$ (472,465)</u>	<u>\$ 1,445,404</u>
LIABILITIES:				
Accounts payable	\$ 731	\$ 467,142	\$ (463,755)	\$ 4,118
Due to bondholders	1,449,938	467,200	(475,852)	1,441,286
TOTAL LIABILITIES	<u>\$ 1,450,669</u>	<u>\$ 934,342</u>	<u>\$ (939,607)</u>	<u>\$ 1,445,404</u>

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
CFD 90-1				
ASSETS:				
Pooled cash and investments	\$ 1,191,184	\$ 770,627	\$ (783,676)	\$ 1,178,135
Receivable:				
Taxes	7,445	3,821	(7,445)	3,821
Accrued interest	2,960	2,109	(2,960)	2,109
Restricted:				
Cash and investments with fiscal agents	779,121	112	(424)	778,809
TOTAL ASSETS	<u>\$ 1,980,710</u>	<u>\$ 776,669</u>	<u>\$ (794,505)</u>	<u>\$ 1,962,874</u>
LIABILITIES:				
Accounts payable	\$ 448	\$ 779,370	\$ (776,638)	\$ 3,180
Due to bondholders	1,980,262	776,671	(797,239)	1,959,694
TOTAL LIABILITIES	<u>\$ 1,980,710</u>	<u>\$ 1,556,041</u>	<u>\$ (1,573,877)</u>	<u>\$ 1,962,874</u>
CFD 91-1				
ASSETS:				
Pooled cash and investments	\$ 1,019,095	\$ 714,286	\$ (543,999)	\$ 1,189,382
Receivable:				
Taxes	74,365	1,628	(74,365)	1,628
Accrued interest	2,532	2,129	(2,532)	2,129
Restricted:				
Cash and investments with fiscal agents	535,596	-	(654)	534,942
TOTAL ASSETS	<u>\$ 1,631,588</u>	<u>\$ 718,043</u>	<u>\$ (621,550)</u>	<u>\$ 1,728,081</u>
LIABILITIES:				
Accounts payable	\$ 561	\$ 540,449	\$ (537,107)	\$ 3,903
Due to bondholders	1,631,027	718,041	(624,890)	1,724,178
TOTAL LIABILITIES	<u>\$ 1,631,588</u>	<u>\$ 1,258,490</u>	<u>\$ (1,161,997)</u>	<u>\$ 1,728,081</u>

See independent auditors' report.

(Continued)

CITY OF LANCASTER

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
CFD 91-2				
ASSETS:				
Pooled cash and investments	\$ 539,734	\$ 929,287	\$ (1,053,718)	\$ 415,303
Receivable:				
Taxes	4,386	71,844	(4,386)	71,844
Accrued interest	1,341	743	(1,341)	743
Restricted:				
Cash and investments with fiscal agents	564,973	560,427	(425,798)	699,602
TOTAL ASSETS	<u>\$ 1,110,434</u>	<u>\$ 1,562,301</u>	<u>\$ (1,485,243)</u>	<u>\$ 1,187,492</u>
LIABILITIES:				
Accounts payable	\$ 3,665	\$ 854,320	\$ (843,318)	\$ 14,667
Deposits payable	15,810	-	-	15,810
Due to bondholders	1,090,959	1,375,067	(1,309,011)	1,157,015
TOTAL LIABILITIES	<u>\$ 1,110,434</u>	<u>\$ 2,229,387</u>	<u>\$ (2,152,329)</u>	<u>\$ 1,187,492</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Pooled cash and investments	\$ 5,256,193	\$ 3,877,072	\$ (3,795,674)	\$ 5,337,591
Receivable:				
Accounts	-	40,861	(34,064)	6,797
Taxes	100,705	84,296	(100,705)	84,296
Accrued interest	10,943	7,017	(10,943)	7,017
Restricted:				
Cash and investments with fiscal agents	3,320,081	594,173	(427,200)	3,487,054
TOTAL ASSETS	<u>\$ 8,687,922</u>	<u>\$ 4,603,419</u>	<u>\$ (4,368,586)</u>	<u>\$ 8,922,755</u>
LIABILITIES:				
Accounts payable	\$ 23,299	\$ 3,638,418	\$ (3,563,224)	\$ 98,493
Deposits payable	696,198	261,570	(254,774)	702,994
Due to bondholders	7,968,425	4,121,873	(3,969,030)	8,121,268
TOTAL LIABILITIES	<u>\$ 8,687,922</u>	<u>\$ 8,021,861</u>	<u>\$ (7,787,028)</u>	<u>\$ 8,922,755</u>

See independent auditors' report.

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STATISTICAL SECTION

City of Lancaster

Statistical Section

This part of the City of Lancaster's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	139-143
Revenue Capacity <i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	144-148
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the city's ability to issue additional debt in the future.</i>	149-153
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	154-155
Operating Information <i>These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.</i>	157-160

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 for the fiscal year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.*

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CITY OF LANCASTER

Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net invested in capital assets	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 923,425,649
Restricted	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976
Unrestricted	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	23,048,243	5,094,946	30,520,092
Total governmental activities net position	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345	\$ 1,120,615,820	\$ 1,103,613,756	\$ 1,108,522,717
Business-type activities										
Net invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,221,367)
Unrestricted	-	-	-	-	-	-	-	(252,698)	(1,397,269)	2,469,059
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (252,698)	\$ (1,397,269)	\$ (1,752,308)
Primary government										
Net invested in capital assets	\$ 78,497,929	\$ 94,068,075	\$ 822,650,031	\$ 880,722,283	\$ 898,682,290	\$ 702,012,782	\$ 726,729,266	\$ 924,786,002	\$ 937,437,269	\$ 919,204,282
Restricted	49,398,517	87,569,015	120,838,558	115,527,885	107,858,231	102,128,746	93,277,881	172,781,575	161,081,541	154,576,976
Unrestricted	(84,993,525)	(80,808,829)	(111,545,878)	(108,634,823)	(107,716,546)	93,233,996	71,812,198	22,795,545	3,697,677	32,989,151
Total primary government net position	\$ 42,902,921	\$ 100,828,261	\$ 831,942,711	\$ 887,615,345	\$ 898,823,975	\$ 897,375,524	\$ 891,819,345	\$ 1,120,363,122	\$ 1,102,216,487	\$ 1,106,770,409

CITY OF LANCASTER

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 13,422,227	\$ 15,996,662	\$ 16,300,790	\$ 19,703,043	\$ 22,895,700	\$ 37,870,880	\$ 25,975,571	\$ 24,809,328	\$ 20,108,707	\$ 20,826,798
Public safety	13,624,832	15,057,609	17,142,744	22,155,873	24,365,048	24,802,866	25,206,610	23,493,486	25,618,865	24,042,237
Community development	29,372,001	19,043,934	13,669,830	14,734,792	20,533,196	16,187,846	14,847,798	12,796,592	6,554,237	4,382,821
Parks and recreation	11,285,183	14,715,042	13,423,273	60,663,940	13,053,273	12,239,846	12,526,273	52,220,277	13,049,889	13,555,843
Public works	16,503,565	22,087,634	59,019,071	1,786,468	59,454,167	52,992,594	52,085,914	1,722,135	53,654,875	54,078,702
Housing	3,116,089	1,232,174	5,361,600	6,650,286	959,974	4,805,507	5,993,185	10,355,215	421,279	3,072,338
Interest on long-term debt	13,069,272	14,921,363	16,351,722	16,512,637	14,194,203	15,149,746	14,873,413	2,316,858	375,667	233,915
Total primary governmental activities expenses	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 127,713,891	\$ 119,783,519	\$ 120,192,654
Business-type activities:										
Lancaster Power Authority	-	-	-	-	-	-	-	\$ 1,138,830	\$ 2,990,770	\$ 3,215,141
Total business-type activities expenses	-	-	-	-	-	-	-	1,138,830	2,990,770	3,215,141
Total primary government expenses	\$ 100,393,169	\$ 103,054,418	\$ 141,269,030	\$ 142,207,039	\$ 155,455,561	\$ 164,049,285	\$ 151,508,764	\$ 128,852,721	\$ 122,774,289	\$ 123,407,795
Program Revenues (see Schedule 3)										
Governmental activities:										
Charges for services:										
General government	\$ 3,901,133	\$ 3,403,979	\$ 406,451	\$ 1,647,842	\$ 3,690,259	\$ 3,976,962	\$ 1,436,838	\$ 935,460	\$ 284,461	\$ 198,193
Public safety	6,162,797	7,371,936	2,211,141	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,070,125	978,834
Community development	3,968,166	4,838,078	805,132	1,478,571	579,523	1,045,149	738,985	3,156,519	428,817	568,214
Parks and recreation	3,377,830	3,534,430	3,175,710	2,991,204	2,888,631	2,814,076	3,527,840	21,175,600	3,560,430	3,683,705
Public works	24,022,612	29,098,965	24,686,902	17,556,965	14,308,525	14,165,751	14,103,957	1,306,309	13,352,265	13,285,244
Housing	1,708,513	1,789,277	2,633,713	1,610,734	1,655,770	1,652,359	1,676,262	283,252	908,953	1,009,550
Operating grants and contributions	29,134,303	36,717,092	21,790,093	22,304,176	20,916,807	26,034,713	36,719,976	22,221,889	27,016,113	22,338,733
Capital grants and contributions	1,170,980	-	-	65,570,808	55,674,240	43,298,860	16,288,773	6,133,131	10,893,821	13,157,118
Total governmental activities program revenue:	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 57,147,818	\$ 57,514,985	\$ 55,219,591
Business-type activities:										
Charges for services:										
Lancaster Power Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,479,116	\$ 2,937,736	\$ 3,402,736
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	-	-	-	-	-	-	-	\$ 1,479,116	\$ 2,937,736	\$ 3,402,736
Total primary government program revenues	\$ 73,446,334	\$ 86,753,757	\$ 55,709,142	\$ 116,665,816	\$ 102,634,934	\$ 96,079,827	\$ 77,221,869	\$ 58,626,934	\$ 60,452,721	\$ 58,622,327
Governmental activities	\$ (26,946,836)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,566,073)	\$ (62,268,534)	\$ (64,973,063)
Business-type activities	-	-	-	-	-	-	-	\$ 340,286	\$ (53,034)	\$ 187,595
Net Primary Government Revenue (Expense)	\$ (26,946,836)	\$ (16,300,661)	\$ (85,559,888)	\$ (25,541,223)	\$ (52,820,627)	\$ (67,969,458)	\$ (74,286,895)	\$ (70,225,787)	\$ (62,321,568)	\$ (64,785,468)

CITY OF LANCASTER

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 17,982,717	\$ 32,672,098	\$ 30,773,463	\$ 44,679,962	\$ 47,841,204	\$ 41,226,311	\$ 35,895,395	\$ 25,370,913	\$ 14,142,727	\$ 14,370,865
Transient occupancy taxes	1,300,448	1,257,943	1,452,827	1,211,514	1,327,022	1,380,790	1,300,067	1,338,016	1,314,747	1,313,033
Sales taxes	17,471,173	21,377,455	25,879,313	19,449,760	14,934,911	14,523,154	15,607,533	17,259,589	16,254,549	18,043,706
Franchise taxes	2,430,956	2,844,195	2,754,230	2,484,807	2,902,408	2,593,418	2,697,165	2,655,535	2,617,877	2,669,286
Business licenses taxes	686,682	493,197	886,625	846,911	855,453	883,017	1,008,810	955,466	906,896	929,618
Other taxes	19,079	522,999	1,002,095	453,943	518,992	430,826	310,397	284,519	406,441	413,913
Intergovernmental unrestricted	7,918,606	3,129,626	3,129,626	918,534	493,557	426,464	679,772	78,065	80,905	67,299
Use of money and property	25,347,471	16,088,474	16,088,474	22,647,525	10,270,036	4,275,530	3,952,452	2,102,259	38,131	252,605
Miscellaneous	1,530,139	83,925	83,925	557,331	619,185	293,490	336,649	3,913,577	1,008,418	331,511
Gain on sale of land held for resale/property							-	5,078,193	109,072	4,160,149
Transfers							-	600,000	600,000	600,000
Total governmental activities	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 82,050,578</u>	<u>\$ 93,250,287</u>	<u>\$ 79,762,768</u>	<u>\$ 66,033,000</u>	<u>\$ 61,788,240</u>	<u>\$ 59,636,132</u>	<u>\$ 37,479,763</u>	<u>\$ 43,151,985</u>
Business-type activities:										
Use of Money and Property	-	-	-	-	-	-	-	\$ 7,016	\$ 2,421	\$ 9,533
Miscellaneous								42,750	47,833	47,833
Transfers								(600,000)	(600,000)	(600,000)
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (592,984)</u>	<u>\$ (554,829)</u>	<u>\$ (542,634)</u>
Extraordinary gain/(loss) due to dissolution of redevelopment agency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,809,943</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government Revenues, Contributions, Extraordinary Items, Special Items and Transfers										
	<u>\$ 74,687,271</u>	<u>\$ 78,469,912</u>	<u>\$ 82,050,578</u>	<u>\$ 93,250,287</u>	<u>\$ 79,762,768</u>	<u>\$ 66,033,000</u>	<u>\$ 61,788,240</u>	<u>\$ 295,853,091</u>	<u>\$ 36,924,934</u>	<u>\$ 42,609,351</u>
Extraordinary, Special gain/(loss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,482,945)</u>	<u>\$ 41,469,430</u>
Change in Net Position										
Governmental activities	\$ 47,740,435	\$ 62,169,251	\$ (7,089,976)	\$ 67,709,064	\$ 26,942,141	\$ (1,936,458)	\$ (12,498,655)	\$ 225,880,002	\$ (39,271,716)	\$ 19,648,352
Business-type activities								(252,698)	(607,863)	(355,039)
Total Primary Government	<u>\$ 47,740,435</u>	<u>\$ 62,169,251</u>	<u>\$ (7,089,976)</u>	<u>\$ 67,709,064</u>	<u>\$ 26,942,141</u>	<u>\$ (1,936,458)</u>	<u>\$ (12,498,655)</u>	<u>\$ 225,627,304</u>	<u>\$ (39,879,579)</u>	<u>\$ 19,293,313</u>

CITY OF LANCASTER

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 59,892,933	\$ 59,733,381	\$ 64,019,546	\$ 54,513,982	\$ 52,461,253	\$ 50,723,608	\$ -	\$ -	\$ -	\$ -
Unreserved	29,082,237	31,733,381	31,986,738	37,322,306	34,818,644	25,945,055	-	-	-	-
Nonspendable	-	-	-	-	-	-	40,175,246	22,319,854	8,852,742	28,221,235
Assigned	-	-	-	-	-	-	6,665,011	4,889,386	4,800,218	4,680,626
Unassigned	-	-	-	-	-	-	16,502,115	11,700,986	12,927,615	8,742,053
Total general fund	<u>\$ 88,975,170</u>	<u>\$ 91,466,762</u>	<u>\$ 96,006,284</u>	<u>\$ 91,836,288</u>	<u>\$ 87,279,897</u>	<u>\$ 76,668,663</u>	<u>\$ 63,342,372</u>	<u>\$ 38,910,226</u>	<u>\$ 26,580,575</u>	<u>\$ 41,643,914</u>
All Other Governmental Funds										
Reserved	\$ 30,210,474	\$ 47,888,239	\$ 71,637,570	\$ 59,478,125	\$ 74,432,801	\$ 105,561,942	\$ 96,050,746	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	37,928,560	68,008,628	52,767,008	59,541,994	56,919,624	40,794,756	44,504,625	-	-	-
Capital projects funds	(19,195,383)	(49,662,040)	(30,507,293)	(34,197,147)	(62,191,991)	(64,562,712)	(55,635,744)	-	-	-
Debt service funds	18,337,445	20,211,147	23,919,282	24,959,978	32,721,659	14,030,167	6,665,509	-	-	-
Nonspendable	-	-	-	-	-	-	-	94,373,593	87,303,062	-
Restricted	-	-	-	-	-	-	-	60,392,063	56,185,252	151,441,914
Assigned	-	-	-	-	-	-	-	509	509	509
Unassigned	-	-	-	-	-	-	-	(4,902,734)	(5,397,190)	(2,637,423)
Total all other governmental funds	<u>\$ 67,281,096</u>	<u>\$ 86,445,974</u>	<u>\$ 117,816,567</u>	<u>\$ 109,782,950</u>	<u>\$ 101,882,093</u>	<u>\$ 95,824,153</u>	<u>\$ 91,585,136</u>	<u>\$ 149,863,431</u>	<u>\$ 138,091,633</u>	<u>\$ 148,805,000</u>

CITY OF LANCASTER

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes (see Schedule 6)	\$ 40,966,235	\$ 58,059,847	\$ 65,926,362	\$ 70,162,583	\$ 69,730,798	\$ 59,689,451	\$ 57,914,640	\$ 48,495,344	\$ 49,816,195	\$ 43,142,049
Licenses, fees, and permits	30,541,425	39,580,124	18,406,355	8,360,699	4,376,841	3,593,907	3,742,427	10,644,481	4,758,487	3,765,131
Intergovernmental	33,466,522	22,928,483	27,189,039	25,236,245	22,924,589	28,496,569	30,291,807	23,563,011	20,477,373	25,441,406
Charges for services	9,421,165	14,083,950	8,901,806	9,319,279	9,647,677	13,069,923	10,645,688	10,166,791	10,773,394	11,055,161
Use of money and property	24,358,065	14,994,933	13,121,339	11,222,381	10,057,206	5,087,601	4,750,765	3,491,243	2,515,570	5,988,730
Fines and forfeitures	1,334,858	1,673,103	2,158,669	3,505,516	2,921,179	3,091,957	2,729,238	1,935,658	1,253,922	1,164,109
Other revenues	8,723,822	1,647,768	1,893,388	2,841,166	4,338,209	2,534,139	2,148,883	8,697,718	4,693,687	1,108,353
Total revenues	\$ 148,812,092	\$ 152,968,208	\$ 137,596,958	\$ 130,647,869	\$ 123,996,499	\$ 115,563,547	\$ 112,223,448	\$ 106,994,246	\$ 94,288,628	\$ 91,664,939
Expenditures										
General government	\$ 13,081,822	\$ 19,475,290	\$ 16,056,247	\$ 18,935,026	\$ 20,400,983	\$ 35,400,480	\$ 20,564,844	\$ 19,429,696	\$ 16,729,037	\$ 13,998,033
Public safety	13,595,775	15,019,081	17,107,689	21,945,315	24,303,445	24,764,758	25,188,927	23,456,553	25,349,866	24,238,229
Community development	29,315,974	18,412,648	13,609,531	6,258,047	20,383,837	16,000,405	14,737,406	11,423,703	7,171,105	4,021,302
Parks and recreation	10,324,903	11,837,309	11,696,144	11,878,211	11,853,863	10,961,119	11,335,806	16,530,854	11,639,064	12,324,636
Public Works	15,412,990	19,278,112	21,456,745	20,335,433	22,454,629	17,517,257	17,367,107	1,722,135	18,383,201	17,639,737
Housing	3,116,089	1,232,174	5,361,600	1,781,432	959,974	4,805,507	5,993,185	10,207,101	452,079	5,063,159
Capital outlay	19,486,835	22,048,652	37,806,315	36,955,971	19,004,734	38,183,765	20,847,133	22,019,463	17,762,739	11,121,837
Debt service										
Principal	3,184,000	5,466,252	5,240,000	6,128,000	5,745,000	14,262,517	6,382,000	4,832,000	6,556,996	528,151
Interest	12,785,258	14,753,943	16,541,783	16,518,213	13,873,812	12,838,000	14,315,824	7,195,509	463,045	244,583
Debt Issuance Costs	2,784,440	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	853,689	-	-	-	-	-	-	-
Total expenditures	\$ 123,088,086	\$ 127,523,461	\$ 145,729,743	\$ 140,735,648	\$ 138,980,277	\$ 174,733,808	\$ 136,732,232	\$ 116,817,014	\$ 104,507,132	\$ 89,179,667
Excess of revenues over (under) expenditures	\$ 25,724,006	\$ 25,444,747	\$ (8,132,785)	\$ (10,087,779)	\$ (14,983,778)	\$ (59,170,261)	\$ (24,508,784)	\$ (9,822,768)	\$ (10,218,504)	\$ 2,485,272
Other Financing Sources (Uses)										
Bonds, Notes and Loans Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,160,938	\$ -	\$ -	\$ -	\$ -
Refunding bonds issued	69,285,000	-	39,315,000	-	-	-	-	-	-	-
Payments to escrow agent	(42,219,454)	-	(5,180,403)	-	-	-	-	-	-	-
Bonds issuance premium	-	-	1,320,578	-	-	-	-	-	-	-
Gain/(Loss) on sale of land	-	-	8,409,173	-	-	-	-	5,078,193	-	-
Transfers in	83,787,767	52,066,330	68,139,732	63,668,972	55,359,163	82,081,243	48,993,462	49,040,910	24,370,408	23,056,901
Transfers out	(83,787,767)	(52,066,330)	(68,139,732)	(63,668,972)	(55,359,163)	(82,081,243)	(48,993,462)	(48,440,910)	(23,770,408)	(22,456,901)
Total other financing sources (uses)	27,065,546	-	43,864,348	-	-	42,160,938	-	5,678,193	600,000	600,000
Extraordinary, special gain/(loss)	-	-	-	-	-	-	-	32,325,866	(14,842,945)	22,836,799
Net change in fund balances	\$ 52,789,552	\$ 25,444,747	\$ 35,731,563	\$ (10,087,779)	\$ (14,983,778)	\$ (17,009,323)	\$ (24,508,784)	\$ 28,181,291	\$ (24,461,449)	\$ 25,922,071
Debt service as a percentage of noncapital expenditures	15.41%	19.17%	20.18%	21.82%	16.35%	19.85%	17.86%	12.97%	8.15%	1.04%

CITY OF LANCASTER

**Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

Fiscal Year	Property Taxes	Transient Occupancy	Sales Taxes	Franchise Taxes	Business Licenses Taxes	Other Taxes	Total
2005	\$ 17,982,717	\$ 1,300,448	\$ 17,471,173	\$ 2,430,956	\$ 686,682	\$ 19,079	\$ 39,891,055
2006	32,672,098	1,257,943	21,377,455	2,844,195	493,197	522,999	59,167,887
2007	30,773,463	1,452,827	25,879,313	2,754,230	886,625	1,002,095	62,748,553
2008	44,679,962	1,211,514	19,449,760	2,484,807	846,911	453,943	69,126,897
2009	47,841,204	1,327,022	14,934,911	2,902,408	855,453	518,992	68,379,990
2010	41,226,311	1,380,790	14,523,154	2,593,418	883,017	430,826	61,037,516
2011	35,895,395	1,300,067	15,607,533	2,697,165	1,008,810	310,397	56,819,367
2012	25,370,913	1,338,016	16,435,979	2,655,535	1,001,935	304,942	47,107,320
2013*	14,142,727	1,314,747	16,254,549	2,617,877	906,896	406,441	35,643,237
2014	14,370,865	1,313,033	18,043,706	2,669,286	929,618	413,913	37,740,421
Change 2005-2014	-20.1%	1.0%	3.3%	9.8%	35.4%	2069.5%	-5.4%

*Substantially less due to dissolution of Lancaster Redevelopment Agency
Source: City of Lancaster Finance Department

CITY OF LANCASTER

Assessed Value and Estimated Actual
Value of Taxable Property (in thousands)
Last Ten Fiscal Years

Fiscal Year	Residential Property*	Commercial Property*	Industrial Property*	Other Property*	Unsecured Property*	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Taxable Assessed Value ^a as a Percentage of Actual Taxable Value (
2005	\$ 4,223,643	\$ 649,833	\$ 233,527	\$ 752,034	\$ 219,664	\$ -	\$ 6,078,701	0.0686	\$ 6,032,659	99.243%
2006	5,180,079	717,158	269,923	958,725	245,265	-	7,371,150	0.0693	7,323,839	99.358%
2007	6,926,915	803,807	323,171	1,218,049	291,323	-	9,563,265	0.0697	9,563,265	100.000%
2008	8,706,013	1,078,852	459,229	1,031,785	322,058	-	11,597,937	0.0700	11,597,937	100.000%
2009	8,698,733	1,164,920	459,459	998,914	318,702	-	11,640,728	0.0702	11,640,728	100.000%
2010	6,922,218	1,120,681	421,199	1,403,444	353,362	(392,871)	9,828,033	0.0676	9,935,752	101.096%
2011	5,752,260	1,119,257	405,506	1,217,476	331,486	(428,418)	8,397,567	0.0676	8,249,711	98.239%
2012	5,881,635	1,099,774	410,978	1,108,713	316,057	(457,271)	8,359,886	0.0676	8,100,717	96.900%
2013	5,775,643	1,109,273	417,524	1,093,610	309,749	(447,236)	8,258,563	0.0676	8,491,853	102.825%
2014	6,028,269	1,142,422	421,089	1,086,064	290,049	(491,828)	8,476,065	0.0676	10,751,310	102.825%

Source: Los Angeles County Assessor data, MuniServices, LLC

Source: 2008-09 and prior, values were reported incorrectly and have been restated to reflect the correct assessment values.

*For 2008-09 and prior, net values are reported.

^a Includes tax-exempt property.

Notes: 1) Total direct tax rate is the City share of the 1% ad valorem tax for TRA 005-438

2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

CITY OF LANCASTER

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	General	Los Angeles County	Antelope Valley Union High School District	Westside School District	Community College	Water	Total Direct & Overlapping	Total Direct (1)
2005	1.00000%	0.00092%	0.02572%	0.12668%	0.00000%	0.09560%	1.24892%	0.06865
2006	1.00000%	0.00080%	0.02266%	0.10365%	0.01630%	0.07050%	1.21391%	0.06933
2007	1.00000%	0.00066%	0.01996%	0.08454%	0.02905%	0.07049%	1.20470%	0.06970
2008	1.00000%	0.00000%	0.01908%	0.08488%	0.00983%	0.07049%	1.18428%	0.06999
2009	1.00000%	0.00000%	0.02095%	0.09374%	0.01682%	0.07049%	1.20200%	0.07015
2010	1.00000%	0.00000%	0.02421%	0.02282%	0.02460%	0.07049%	1.14212%	0.06759
2011	1.00000%	0.00000%	0.02902%	0.03061%	0.02539%	0.07049%	1.15551%	0.06759
2012	1.00000%	0.00000%	0.02913%	0.03074%	0.02599%	0.07049%	1.15635%	0.06759
2013	1.00000%	0.00000%	0.03075%	0.03380%	0.02949%	0.07049%	1.16453%	0.06759
2014	1.00000%	0.00000%	0.02602%	0.05503%	0.02741%	0.07049%	1.17895%	0.06759

Source: Los Angeles County Assessor data, MuniServices, LLC

Note 1: Total direct tax rate is the City share of the 1% ad valorem tax for TRA 005-438

In 1978, California voters passed Proposition 13 which set the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition, property owners are charged, as a percentage of assessed valuation, for the payment of any voter approved bonds.

CITY OF LANCASTER

**Principal Property Tax Payers
Last Fiscal Year and Nine Years Prior**

<u>Taxpayer</u>	<u>2013-2014</u>			<u>Taxpayer</u>	<u>2004-2005</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Avenue K Lancaster Ucm Cadence	47,476,449	1	0.56%	Provident Affordable Housing	54,304,500	1	0.89%
Us Industrial Reit li	45,284,000	2	0.53%	BPP Valley Central	46,316,999	2	0.76%
Wal Mart Real Estate	43,796,846	3	0.52%	Thrifty Payless Inc.	43,818,808	3	0.72%
Bank Of America	39,004,745	4	0.46%	Passco Lancaster LLC Et Al	36,992,435	4	0.61%
Thrifty Payless Inc.	35,830,534	5	0.42%	Lexington Lancaster LLC	26,209,360	5	0.43%
Mgf Cordova Park Lp	33,950,000	6	0.40%	Woodcreek Garden Apartments	24,715,784	6	0.41%
Kaiser	32,225,003	7	0.38%	Lancaster Hospital Corp	20,606,237	7	0.34%
Mgp Ix Properties Llc	28,246,860	8	0.33%	Antelope Pines Estates	19,147,789	8	0.31%
Syigma Network Inc.	26,827,703	9	0.32%	Citadel Properties Lancaster L	15,827,232	9	0.26%
K Partners Lancaster li Lp	24,372,583	10	0.29%	Caritas Affiliated Corp	15,488,058	10	0.25%
Mg Sienna Heights Apt I Lp	23,501,100	11	0.28%	Michaels Stores Inc.	15,033,911	11	0.25%
Mg Granada Villas Apt I Lp	22,750,000	12	0.27%				
Avp Lancaster Llc	22,339,627	13	0.26%				
Top 5% Total	<u>\$ 357,014,723</u>		<u>5.02%</u>	Top 5% Total	<u>\$ 318,461,113</u>		<u>5.24%</u>
City Total	<u>8,476,068,865</u>		<u>100.00%</u>	City Total	<u>6,078,701,394</u>		<u>100.00%</u>

Source: Los Angeles County Assessor data, MuniServices, LLC

CITY OF LANCASTER

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 1,747,125	\$ 1,747,125	100%	\$ -	\$ 1,747,125	100%
2006	2,198,749	2,198,749	100%	-	2,198,749	100%
2007	3,745,240	3,745,240	100%	-	3,745,240	100%
2008	4,507,321	4,507,321	100%	-	4,507,321	100%
2009	4,127,058	4,127,058	100%	-	4,127,058	100%
2010	1,590,352	1,590,352	100%	-	1,590,352	100%
2011	2,947,289	2,947,289	100%	-	2,947,289	100%
2012	3,188,619	3,188,619	100%	-	3,188,619	100%
2013*	5,545,157	5,545,157	100%	-	5,545,157	100%
2014	3,686,297	3,686,297	100%	-	3,686,297	100%

*Large increase due to state repayment of Prop 1A

Source: City of Lancaster Finance Department

CITY OF LANCASTER

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	Tax Allocation Redevelopment Bonds	Revenue Bonds	Assessment District Bonds	Community Facilities Dist. Bonds	Total Primary Government	Percentage of Personal Income ^a	Per Capita
2005	\$ 216,425	\$ 17,225	\$ 7,375	\$ 23,178	\$ 264,203	10.97%	2.15
2006	211,740	16,750	7,245	21,928	257,663	10.65%	1.96
2007	240,720	16,245	5,775	17,965	280,705	10.27%	2.03
2008	235,660	15,720	5,455	17,758	274,593	9.23%	1.91
2009	230,465	15,170	5,070	17,598	268,303	8.59%	1.85
2010	261,145	15,000	4,680	17,439	298,264	9.13%	2.06
2011	255,605	14,455	4,265	15,579	289,904	8.97%	1.85
2012	249,160	40,780	3,760	13,694	307,394	10.14%	1.95
2013	242,465	34,465	3,295	9,476	289,701	9.56%	1.83
2014	228,955	30,970	2,805	9,561	272,291	8.71%	1.70

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF LANCASTER

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General	Tax Allocation	Total		
	Obligation	Redevelopment			
	Bonds	Bonds			
2005	\$ -	\$ 216,425	\$ 216,425	3.4630%	1.76
2006	-	211,740	211,740	2.8071%	1.61
2007	-	240,720	240,720	2.4853%	1.74
2008	-	235,660	235,660	2.0094%	1.64
2009	-	230,465	230,465	1.9798%	1.59
2010	-	261,145	261,145	2.6571%	1.80
2011	-	255,605	255,605	3.0438%	1.63
2012	-	249,160	249,160	2.9804%	1.58
2013	-	242,465	242,465	2.9359%	1.54
2014	-	228,955	228,955	2.7012%	1.43

Notes: Details regarding the outstanding redevelopment debt can be found in the notes to the financial statements.

^a See Schedule 6 (Exhibit C-1) for property value data.

^b Population data can be found in Schedule 14 (Exhibit E-1).

CITY OF LANCASTER

Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes:			
Antelope Valley Joint Community College District	\$ 129,451,900	32.90%	\$ 42,589,675
Antelope Valley Union High School District	77,754,873	37.726	29,333,803
Eastside Union School District	8,822,547	59.155	5,218,978
Lancaster School District	47,938,614	96.21	46,414,645
Westside Union School District	71,957,788	28.837	20,750,467
Westside Union School District Community Facilities Districts	20,150,000	100	20,150,000
City of Lancaster Community Facilities Districts	9,561,454	100	9,561,454
City of Lancaster 1915 Act Bonds	2,805,000	100	2,805,000
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	0.755	857,793
Total Overlapping Tax And Assessment Debt			\$ 177,681,815
Direct And Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,835,420,030	0.755%	\$13,857,421
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	0.755	71,951
Antelope Valley Joint Community College District Certificates of Participation	8,295,000	32.9	2,729,055
Eastside Union School District Certificates of Participation	7,000,000	59.155	4,140,850
Lancaster School District Certificates of Participation	8,135,000	96.821	7,876,388
Los Angeles County Sanitation District No. 14 Certificates of Participation	2,974,460	75.998	2,260,530
City of Lancaster Power Authority Revenue Bonds	25,895,000	100	25,895,000
Total Gross Direct And Overlapping General Fund Debt			\$ 56,831,195
Less: Los Angeles County General Fund Obligations supported by landfill revenues			38,016
Lancaster Power Authority Revenue Bonds supported by solar utility revenues			25,895,000
Total Net Direct And Overlapping General Fund Debt			\$ 30,898,179
Overlapping Tax Increment Debt:			
City of Lancaster Tax Allocation Bonds	\$228,955,000	100.00%	\$228,955,000
City of Lancaster Lease Revenue Bonds	5,075,000	100	5,075,000
Total Overlapping Tax Increment Debt			\$234,030,000
TOTAL GROSS DIRECT DEBT			\$25,895,000
TOTAL NET DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$442,648,010
TOTAL NET OVERLAPPING DEBT			\$442,609,994
GROSS COMBINED TOTAL DEBT			\$468,543,010
NET COMBINED TOTAL DEBT			\$442,609,994

CITY OF LANCASTER

**Legal Debt Margin
Last Ten Fiscal Years
(dollars in thousands)**

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed Valuation	\$ 6,202,361	\$ 7,494,593	\$ 9,685,762	\$11,727,911	\$11,777,155	\$9,828,032	\$8,397,567	\$ 8,359,886	\$ 8,258,563	\$ 8,476,065
Debt limit (3.75% of Gross AV)	<u>\$ 232,589</u>	<u>\$ 281,047</u>	<u>\$ 363,216</u>	<u>\$ 439,797</u>	<u>\$ 441,643</u>	<u>\$ 368,551</u>	<u>\$ 314,909</u>	<u>\$ 313,496</u>	<u>\$ 309,696</u>	<u>\$ 317,852</u>
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 232,589</u>	<u>\$ 281,047</u>	<u>\$ 363,216</u>	<u>\$ 439,797</u>	<u>\$ 441,643</u>	<u>\$ 368,551</u>	<u>\$ 314,909</u>	<u>\$ 313,496</u>	<u>\$ 309,696</u>	<u>\$ 317,852</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Los Angeles County Assessor data, MuniServices, LLC

CITY OF LANCASTER

Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (dollars in thousands)

Fiscal Year	Redevelopment Tax Allocation Bonds				Coverage
	Property Tax Increment	Debt Service			
		Principal	Interest		
2005	\$ 45,926	\$ 2,886	\$ 9,572	3.69	
2006	58,787	4,910	10,604	3.79	
2007	69,681	4,870	11,284	4.31	
2008	78,378	5,060	11,537	4.72	
2009	84,269	5,270	11,403	5.05	
2010	66,205	6,895	12,144	3.48	
2011	55,395	5,620	13,299	2.93	
2012: 7/1/11-1/31/12*	24,020	4,155	6,717	2.21	
2012: 1/31/12-6/30/12*	9,288	2,495	6,629	1.02	
2012	33,308	6,650	13,346	1.67	
2013	19,564	6,695	12,618	1.01	
2014	23,252	16,005	12,313	0.82	

Notes: Details regarding the city's outstanding redevelopment debt can be found in the notes to the financial statements.

*Fiscal year 2012 is split because the Redevelopment Agency officially dissolved on 2/1/2012 and started receiving property taxes from the County of Los Angeles instead of "Property Tax Increment."

CITY OF LANCASTER

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	122,989	\$ 2,409,109	\$ 19,588	7.70%
2006	131,246	2,418,995	18,431	4.20%
2007	138,392	2,731,957	19,741	5.90%
2008	143,818	2,975,908	20,692	8.60%
2009	145,243	3,123,674	21,507	13.87%
2010	145,074	3,267,564	22,523	17.10%
2011	156,633	3,231,182	20,629	17.20%
2012	157,902	3,030,085	19,190	15.40%
2013	158,630	3,289,828	20,739	15.20%
2014	159,878	3,126,734	19,557	11.98%

- Sources:**
- Population statistics gathered from State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, except during decennial census years, FY 2000-2001 and 2010-2011, U.S. Census Bureau.
 - Average Household and Personal Income gathered from Greater Antelope Valley Economic Alliance
 - Unemployment Rate gathered from State of California Employment Development Department <http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/areaselection.asp?tablename=labforce>
 - Unemployment Rate not seasonally adjusted
 - 2014 Unemployment Rate preliminary

CITY OF LANCASTER

**Principal Employers
Current Calendar Year and Ten Years Prior**

<u>Employer</u>	<u>2014</u>			<u>Employer</u>	<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Valley Employment</u>
Edwards Air Force Base	10,647	1	15.75%	Edwards Air Force Base	12,270	1	14.14%
China Lake Navel Weapons Center	9,172	2	13.57%	Lockheed Martin	4,200	2	4.84%
County of Los Angeles	3,743	3	5.54%	China Lake Navel Weapons	3,985	3	4.59%
Northrop Grumman	2,772	4	4.10%	County of Los Angeles	3,383	4	3.90%
Lockheed Martin	2,712	5	4.01%	Palmdale School District	2,986	5	3.44%
Palmdale School District	2,682	6	3.97%	Antelope Valley Hospital	2,300	6	2.65%
AV Union High School District	2,689	7	3.98%	AV Union High School	1,876	7	2.16%
Antelope Valley Hospital	2,300	8	3.40%	Lancaster School District	1,800	8	2.07%
California Correctional Institute	1,915	9	2.83%	Northrop Grumman	1,750	9	2.02%
Wal Mart Stores (5)	1,922	10	2.84%	Wal-Mart Stores (4)	1,496	10	1.72%
TOTAL AV Employment	67,601		59.99%		86,790		41.53%

Source: 2014 City of Lancaster Economic Development;CA EDD; GAVEA. 2005: Greater Antelope Valley Economic Alliance 2005 Economic Roundtable Report

Notes: Total employment as used above represents total employment located within the Greater Antelope Valley region. The Antelope Valley region is considered to be the City's economic region and covers 3,514.2 square miles of area and includes the City of Lancaster, Palmdale, Tehachapi, and Ridgecrest.

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CITY OF LANCASTER

**Full-time-Equivalent City Government
Employees by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>Full-time-Equivalent Employees as of June 30th,</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
City Manager	3.625	3	4	5	5	7.63	7.63	8.25	8.25	9.25
City Clerk	4	5	5	5	5	3.62	3.62	4	4	3
Administrative Services	10	8.5	6.9	4	4	4	4	2	4	8
Finance	11	14.75	16.75	21	21	21	21	22	21	25
Human Resources	3	3	4	10	10	10	11	5	5	5
Planning	17	14	16	16	16	12	12	12		-
Redevelopment	9	20.3	22.3	37	37	38	38	-	-	-
Housing & Neighborhood Revitalization	-	-	-	-	-	-	-	30	22	20
Economic Development	-	-	-	-	-	-	-	4	2	2
Public Safety		17	17.75	21	21	16	20	16	15	13
Parks and Recreation	61	65	67	66	66	59	59	56	54	51
Public Works	105	117	137	144	144	125	124	128		-
Development Services	-	-	-	-	-	-	-	-	124	125
Less vacancies filled by internal recruitments										-11
Total	<u>223.625</u>	<u>267.55</u>	<u>296.7</u>	<u>329</u>	<u>329</u>	<u>296.25</u>	<u>300.25</u>	<u>287.25</u>	<u>259.25</u>	<u>250.25</u>
Year over year		43.925	29.15	32.3	0	-32.75	4	-13	-28	-9

Source: City Finance Department

Note: The Lancaster Redevelopment Agency was dissolved according to ABx126 which was signed into law June 29, 2011.

CITY OF LANCASTER

Operating Indicators by Function/Program

Function/Program	Fiscal Year								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government									
Business licenses									
New business licenses issued	1,426	825	606	1,272	1,326	1,238	1,201	1,169	1,178
Business licenses renewed	4,070	3,313	2,499	4,103	3,904	4,101	3,972	3,989	4,073
Business improvement district									
BID licenses issued	21	10	4	23	23	38	73	42	21
BID licenses renewed	201	159	100	152	144	151	149	161	183
Taxi Business licenses									
New business licenses issued			24	31	21	39	38	29	24
Business licenses renewed			-	21	27	40	45	46	39
Tow Business licenses									
New business licenses issued			8	14	12	23	20	25	16
Business licenses renewed			2	24	41	44	44	37	45
Group Home Business licenses									
New business licenses issued			3	14	16	6	1	2	7
Business licenses renewed			-	3	17	25	33	33	42
LANCAP Business licenses									
New business licenses issued			79	848	844	1,168	781	579	577
Business licenses renewed			818	1,137	1,864	2,693	3,228	3,522	3,774
Massage Business licenses									
New business licenses issued			56	79	103	63	43	29	16
Business licenses renewed			5	72	66	69	63	48	44
News rack Permits									
New permits issued					4	1	-	-	-
Permits renewed					-	4	3	4	5
Human Resource Recruitments	33	44	30	23	22	4	2	12	22
Public Safety									
Physical arrests	12,064	11,042	17,606	17,867	27,854	12,778	11,371	11,929	7,474
Citations	18,555	24,216	23,031	26,407	25,386	22,025	15,401	3,265	10,487
Community Safety									
Parking violations	40,115	17,458	28,389	17,616	41,505	31,089	26,632	20,784	17,224
Public Works									
Building permits issued	4,416	2,363	1,400	907	1,444	2,228	2,600	3,192	1,777
Centerline miles maintained	1,208	590	627	621	630	630	633	640	640
No of Traffic Signals	129	130	139	145	141	138	138	137	139
Fleet Vehicles Maintained	296	272	307	320	295	292	301	301	318
Sponsored recycling event	1	4	12	30	-	-	5	7	4
Street sweeping - residential miles	14,880	18,000	14,770	15,678	15,678	16,274	16,375	16,522	16,651
Street sweeping - arterial miles	8,900	8,876	8,960	9,224	2,220	2,234	2,245	2,267	2,279
Street sweeping - alley miles	900	900	900	900	-	-	-	-	-
Street sweeping - raised median curb miles	1,800	1,794	2,015	2,106	-	-	10	-	-
Parks and Maintenance Services									
No. of developed park sites	12	13	13	13	13	14	14	14	14
No. of acres maintained	430	362	365	438	449	463	463	463	463
No. of trees in right of way	43,615	53,176	44,773	47,022	58,987	61,225	61,324	61,462	68,000
Recreation									
Community Events Sponsored	7	12	10	10	16	21	21	21	22
Youth Sport Participants	300	289	315	295	315	315	323	329	349
Adult league basketball teams	69	61	67	74	67	65	58	63	62
Adult league softball teams	472	434	474	493	545	542	474	511	495
Softball tournaments- no. of teams	891	680	572	681	582	624	500	533	597
Soccer tournaments-no. of teams	2,240	2,222	2,057	2,130	2,530	1,959	2,100	2,203	3,699
Instructional class enrollments*	2,900	19,103	7,499	7,425	6,839	6,814	6,115	7,468	6,607

CITY OF LANCASTER

Operating Indicators by Function/Program

<u>Function/Program</u>	<u>Fiscal Year</u>								
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Performing Arts Center									
Season Performances	108	95	94	94	97	68	55	74	59
Tickets Sold	45,789	51,694	34,850	45,360	39,376	33,590	27,913	31,525	23,829
Outreaches	22	28	32	35	32	33	23	20	19
Master Classes	2	2	2	2	1	3	-	9	2
Acting Workshops	-	-	4	4	-	-	-	1	-
Theater Rentals	140	118	85	126	92	51	55	75	78
Rental tickets sold	43,791	38,400	25,500	29,940	29,940	21,009	16,705	17,770	16,094

Sources: Various city departments.

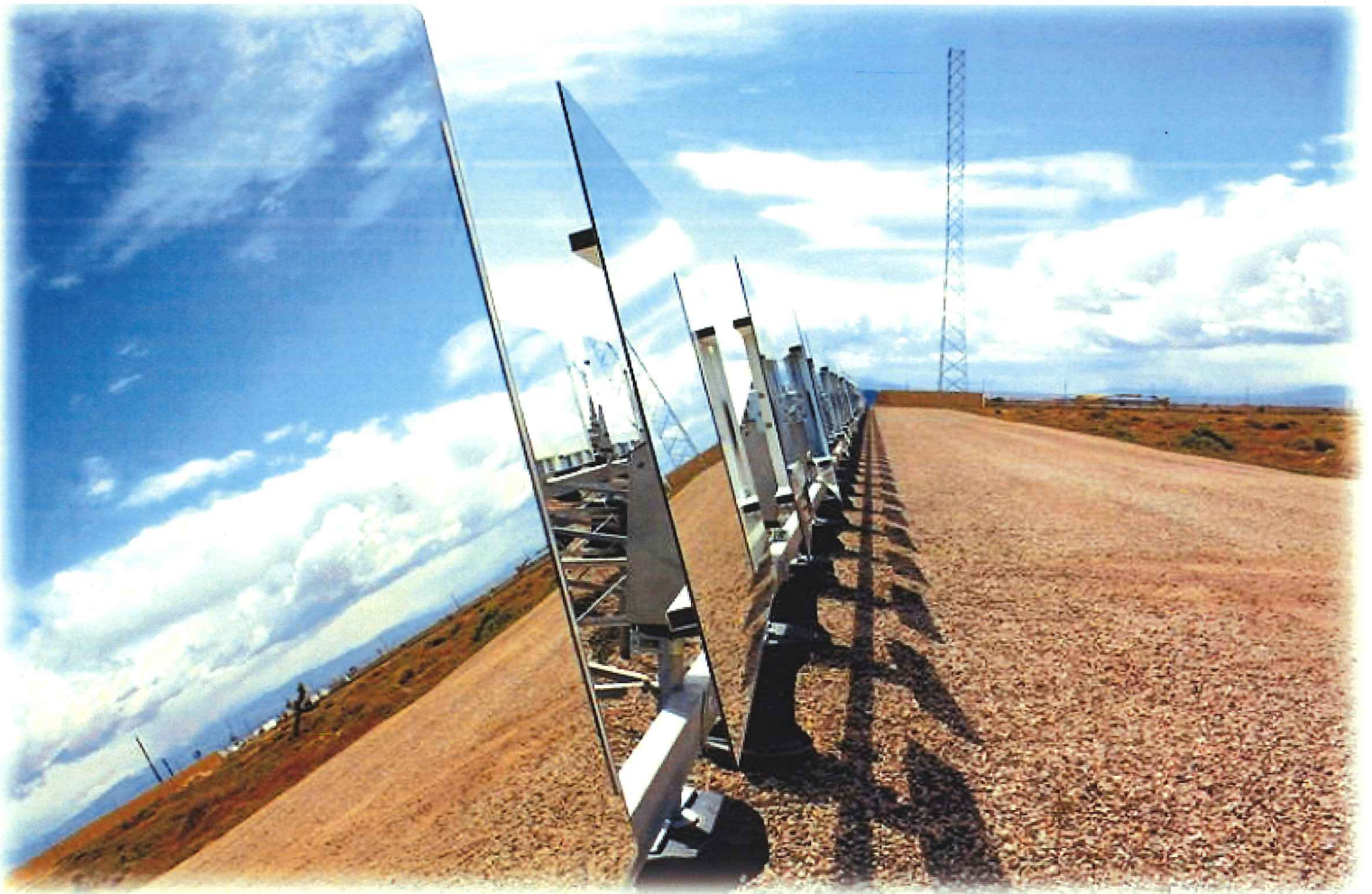
Notes: Operating indicators are available as of FY 2005-06, ten year history will be developed and presented beginning with FY 2005-06. Public Safety numbers are estimates by querying Lancaster sheriffs station computer assisted dispatching system and using GIS to extract citations given within city boundary.

CITY OF LANCASTER

Capital Asset Statistics by Function/Program

Function/Program	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
General government								
City Hall	1	1	1	1	1	1	1	1
Annex/Record Center	1	1	1	1	1	1	-	-
Weed and Seed Office	1	1	1	1	1	1	1	1
Community Development								
Acreage - Redevelopment								
Brierwood Mobile Home Park	1	1	1	1	1	1	-	-
Desert Sands Mobile Home Park	1	1	1	1	1	1	1	1
Lancaster Business Incubator	1	1	1	1	1	1	1	1
Development Services								
Maintenance Yard - Modular Office Bldg.								
Maintenance Yard - Office/Warehouse	1	1	1	1	1	1	1	1
Maintenance Yard - Maintenance Garage	1	1	1	1	1	1	1	1
Maintenance Yard - Canopy	1	1	1	1	1	1	1	1
Maintenance Yard - Storage Bldg	3	3	3	3	4	4	4	4
Maintenance Yard - Wash Bay	1	1	1	1	1	1	1	1
Maintenance Yard - HazMat Storage Bldg	1	1	1	1	1	1	1	1
Streets (miles)								
Streets (miles)	591	591	627	621	630	630	633	640
Streetlights (owned by City)								
Streetlights (owned by City)	1,000	1,405	1,600	1,141	1,112	1,149	1,157	1,875
Traffic Signals								
Traffic Signals	129	130	139	145	141	138	138	137
Street Signs								
Street Signs	24,000	26,000	27,000	28,000	28,533	29,058	26,334	26,378
Fleet Vehicles								
Fleet Vehicles	296	272	307	320	295	292	301	301
Storm Drain Pipe (LF)								
Storm Drain Pipe (LF)				117,142	381,110	381,821	434,005	485,113
Storm Drain Box (LF)								
Storm Drain Box (LF)				20,803	31,570	31,570	26,169	27,993
Storm Drain Channel (LF)								
Storm Drain Channel (LF)				48,715	48,715	48,715	44,883	44,883
Sewer Pipe (LF)								
Sewer Pipe (LF)				2055473*	2244000*	2,077,192	2,265,580	2,261,609
Sewer Manholes								
Sewer Manholes				8000*	9083*	8,089	9,005	9,035
Sewer Lift Station								
Sewer Lift Station				1	1	1	1	1
Parks and Recreation								
Acreage								
Acreage	362	362	365	525	525	538	538	538
Developed park sites								
Developed park sites	12	13	12	13	13	14	14	14
Pools								
Pools	2	2	2	2	2	2	2	2
Big 8 Tournament Baseball complex								
Big 8 Tournament Baseball complex	1	1	1	1	1	1	1	1
Batting Cage Facility								
Batting Cage Facility	1	1	1	1	1	1	1	1
Soccer Complex								
Soccer Complex	1	1	1	1	1	1	1	1
Community/Activity Centers								
Community/Activity Centers	7	7	7	7	7	7	7	8
Cedar Center								
Cedar Center					1	1	1	1
Prime Desert Woodlands Preserve & Nature Center								
Prime Desert Woodlands Preserve & Nature Center	1	1	1	1	1	1	1	1
Lancaster University Center								
Lancaster University Center	1	1	1	1	1	1	1	1
Municipal Golf Center								
Municipal Golf Center	1	1	1	1	1	1	1	1
Municipal Baseball Stadium								
Municipal Baseball Stadium	1	1	1	1	1	1	1	1
Performing Arts Center								
Performing Arts Center	1	1	1	1	1	1	1	1
Museum and Art Gallery								
Museum and Art Gallery	1	1	1	1	1	1	1	1
Western Hotel (historic site)								
Western Hotel (historic site)	1	1	1	1	1	1	1	1
Metrolink Station								
Metrolink Station	1	1	1	1	1	1	1	1
Park and Ride Lots								
Park and Ride Lots	4	4	4	8	8	8	8	8

Sources: Various city departments.



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it's positively clear

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